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SPECIAL CONSUMER NOTICE
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NOTICE

On 1 June 1987 FBIS will begin publication of reorganized and renamed DAILY REPORTS. The following list details the changes being made in the eight volumes.

I. CHINA DAILY REPORT	Contents unchanged
II. EASTERN EUROPE DAILY REPORT	Contents unchanged
III. SOVIET UNION DAILY REPORT	Contents unchanged
IV. EAST ASIA DAILY REPORT	Renamed; formerly ASIA & PACIFIC DAILY REPORT; contents unchanged
V. NEAR EAST & SOUTH ASIA DAILY REPORT	Renamed; formerly MIDDLE EAST & AFRICA DAILY REPORT; contents include: Middle East & South Asia Review Inter-Arab Affairs Islamic Affairs Palestinian Affairs OPEC Affairs South Asian Regional Affairs Arab Africa Algeria Chad Egypt Libya Mauritania Morocco Sudan Tunisia Western Sahara Arabian Peninsula Bahrain Kuwait Oman PDRY Qatar Saudi Arabia United Arab Emirates Yemen Arab Republic Iraq Israel Jordan Lebanon Syria South Asia Afghanistan Bangladesh India Iran Maldives Nepal & Bhutan Pakistan Sri Lanka
VI. LATIN AMERICA DAILY REPORT	Contents unchanged

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NAVY CHIEF ADVOCATES RECONCILIATION OF NATION

PY182331 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1510 GMT 17 May 87

[Text] Mar del Plata, 17 May (NA) -- Navy Chief of Staff Vice Admiral Ramos Arosa reiterated here today that the Navy is subordinate "to the political power", and advocated "a reconciliation between all Argentines, forgetting past offenses." He emphatically demanded "final solutions" to the consequences of repression, "so that the ghost of the cruel confrontations can disappear forever."

After stressing that the military chain of command is based on the principle of authority, Arosa noted "it is essential and urgent that we listen to the demands of the militarymen in defense of their subordinates, because if the latter are not respected, order and discipline will be replaced by chaos and anarchy."

Arosa remarked that "we consider it essential that civilians and the military begin a fraternal dialogue," adding that "despite the efforts which have been made it has not yet been possible to establish the conditions that will permit a reconciliation of the Argentine family, which is the aspiration of all our fellow countrymen of goodwill."

Arosa spoke at noon today at the Mar del Plata submarine base during the main Navy day ceremony, which was presided over by Defense Minister Horacio Jaunarena and Army Chief of Staff General Jose Segundo Caridi.

The Navy chief of staff said the solution to the difficult issue of the antiterrorist struggle will come "if mutual offenses are forgotten." "This will be possible," he went on, "if all social sectors make an intelligent decision. However, it will be impossible if an unreasonable approach, one which advocates revengeful and self-destructive attitudes that seek to satisfy either of the opposed poles of the social divorce in which we are immersed, remains unchanged."

He also implicitly disqualified the requests for "self-criticism" several sectors of society have asked of the Armed Forces by saying "the Navy respects those opinions, but believes that actions speak louder than words, no matter how sincere words might be."

"On several occasions," he went on, "the Navy has publicly expressed its opinion, convinced as it is that the continuity and stability of our institutional system constitutes the only valid possibility for progress; that freedom must be preserved on the basis of the respect for institutions; that it is subordinated to the political power; and that it has committed itself to helping to strengthen the democracy we want as our life style."

He summarized the main problems confronting the Navy by saying that "Navy personnel can hardly maintain a decent standard of living, one which allows them to dedicate all their energies to their profession, one which the nation demands from them. They also experience spiritual difficulties because they feel they are permanently harassed as if they were the only ones responsible for a situation for which they are not responsible." "But we know," he went on, "that we are neither worse or better than other Argentines; we know we have the same virtues and the same imperfections, because we belong to the same society."

After reiterating the need for national reconciliation, Arosa said "if civilians and militarymen jointly and impartially analyze the whole range of our disagreements, and if we were willing to replace intolerance by coexistence, Argentines would then certainly find a path to overcome the frustrations of the past."

"We could easily tell who acted for and who acted against the national interest, and we could recognize not only the weaknesses, fears, and errors, but also the sacrifice and heroic actions of men," he added.

"We could thus begin the path of national reconciliation, along which all Argentines can work for peace and for our collective well-being, once we have understood that only a society without rancor, arrogance, patronage, or sidelined sectors will it be possible for us to build our own future," he added.

Arosa also recalled the reception that the Buenos Aires people gave to the Naval forces on 19 May 1814, which 2 days before had won the Battle of Montevideo. He said he wished "this image of the Navy and the people, which were united in victory, could also come true for our Armed Forces, for ever reflecting the victory of peace." He added that "virtually all of our history has been marked by disagreements which, at times, jeopardized the stability of our country and delayed its development."

"Only the reasonable attitude of those who resisted resentment and selfish sectorial feelings, and worked for the future have made it possible for our country to overcome the problems and advance in its development," he noted.

Concerning the Armed Forces' institutional structure, Arosa said "the principle of order and discipline are central to the military spirit; they are the opposite of anarchy and they are the foundation of the training of our personnel." "To encourage a wrong approach toward the hierarchy of command," he went on, "will cause the hierarchical pyramid to fall and the military structure to collapse."

He explained that "this will happen if the commander is not assigned the absolute and intransferable responsibility for the orders he gives, and if the military discipline, based on subordination, is disregarded, because this undermines the influence of a commander on his men, who know that their commander will defend them."

"It is therefore essential and urgent that we listen to the demands of the militarymen in defense of their subordinates, because if the latter are not respected, order and discipline will be replaced by chaos and anarchy," he added.

NAVY ALLOWS VOLUNTARY MILITARY ENROLLMENT

PY182355 Buenos Aires TELAM in Spanish 1359 GMT 18 May 87

[Text] Buenos Aires, 18 May (TELAM) -- The Executive Branch has decided to allow the voluntary enrollment of military conscripts in the Navy to partly supplement citizens called to fulfill their military service obligation.

Decree 724 states that voluntary enrollment is feasible and necessary considering the special requirements of Naval combat operations.

The decree points out that voluntary enrollment will strengthen the effectiveness of naval training because of the professional nature of the trainees, and adds that the related cost-effectiveness will be better.

The decree also says that the partial voluntary enrollment of conscripts will serve as a great experience, and as a basis from which to consider the future of the mandatory regulations for the voluntary enrollment of conscripts. The new regulations changes Law 19,101 and establishes a new rule for volunteers.

MAJOR ARMED FORCES RESTRUCTURING VIEWED

PY151401 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1853 GMT 14 May 87

[Quotation marks as received]

[Text] Buenos Aires, 14 May (NA) -- A reliable source has reported that the four current Army corps might be dissolved and replaced by "two or three large units with highly specialized personnel," which will be "mobile units [words indistinct] could be transported by plane to any place where their presence is necessary. The source gave details of the restructuring of the Armed Forces the government will undertake.

Under the restructuring plan, upon reaching a certain rank, the officers of the three services "will be compelled to take courses at the national universities," to "broaden the scope of interests of the officers and to give them a chance to have contact with the civilian community and interact with it."

The source told NOTICIAS ARGENTINAS the Navy would abandon the "traditional model." This means it will "commission sophisticated submarines and high-speed ships to protect the coast," setting aside bigger ships and aircraft carriers, "which are justified for an offensive strategic approach, which is not Argentina's approach."

The source said "the restructuring of the Armed Forces is a key task the government has set for itself," adding that "intense work is being performed on the previous studies."

The source explained that "after this phase, the restructuring process will begin immediately," stressing that it will include a redefinition of the functions of the Armed Forces, placing our country within the international context." Efforts will be made "not only to modernize the Army, the Navy, and the Air Force in a democratic environment but also to make them genuinely operational."

After pointing out that "these ideas have already been approved by President Raul Alfonsin," the source noted that "the current Army structure is based on a concept of occupation of land, which was justified in the past, but which is now totally outdated." In this regard, the source remarked that this concept is the reason the Army was organized "in brigades and corps that spread all over the nation, like a nervous system." The source added that the population density in most of our territory makes this land occupation concept unnecessary, except for the southern region."

"On the other hand," the source went on, "scientific and technological advances have created new possibilities for land force operation."

The source explained that under the restructuring plan, the Army corps and brigades will be replaced "by two or three great units with highly specialized personnel, which will be organized on the basis of mobile combat units capable of being rapidly deployed by plane to any place they might be needed."

[Words indistinct] one of these great units located in Cordoba, from which any place in the northern region can be reached in a few minutes by plane," admitting the possibility that the two other units might be located in the central and southern regions of the country. The source added that "all these ideas have been developed on the basis of the experience of the Malvinas war," during which the current military structure "revealed its operational deficiencies."

The source explained that the restructuring process, in addition to promoting efficiency, "has a political objective," namely, "to reinsert the Armed Forces into the democratic community."

In this regard, the source pointed out that "to this end, not only were all the military school courses' curricula modified," but it was established that when military officers "reach the rank of captain, or its equivalent, they will have to take postgraduate courses in national universities."

The source concluded by saying that the purpose of the university studies is not only to broaden the scope of interest of the officers, but to let them contact with the civilian community and to interact with it."

PRESIDENT ALFONSIN MEETS WITH IRANIAN OFFICIAL

LD152019 Tehran IRNA in English 1522 GMT 15 May 87

[Text] Buenos Aires, May 15, IRNA -- Argentine President Raul Alfonsin expressed regret on Thursday over the deployment of chemical weapons by Iraq and said his country condemns this "inhuman" act.

The Argentine president made the remark in a meeting with visiting Iranian Deputy Prime Minister for Political Affairs, 'Ali Reza Moayyeri who submitted him a message from Iranian Premier Husayn Musavi. Moayyeri briefed the Argentine president on the outlook of the Islamic Republic on international issues, recent developments in the Persian Gulf and the Iraqi-imposed war.

The two also discussed issues of mutual interest in economic and political fields as well as roles of the two countries in the United Nations and the Nonligned Movement.

IRAN TO RECEIVE NUCLEAR TECHNOLOGY, KNOW-HOW

PY182159 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1800 GMT 18 May 87

[Text] Buenos Aires, 18 May (NA) -- Argentina will export $5.5 million worth of nuclear technology to Iran, according to an agreement signed by both countries early this month. This information was reported by NUESTRA BROCHURE, a weekly that covers foreign trade and currency exchange news.

The agreement, which Western sources have regarded as significant, provides for the modification of an experimental thermal reactor at Tehran University. Technology will be transferred under international safeguards.

The report says the deal will mark the beginning of broader cooperation programs with Iran, within the framework of a policy that will seek to take advantage of world market opportunities. The sources add that Argentina is holding secret negotiations with Indonesia, Albania, and Morocco.

The agreement with Iran provides for the development of new equipment, or core [preceding word in English]. This will allow the thermal reactor to run on uranium with 20 percent enrichment. This level is in agreement with international safeguards.

The experimental 5-mw reactor began to operate in 1967 using Uranium with 93 percent enrichment. This is considered a critical level because it can be used to produce nuclear bombs. The sources add that negotiations between the two countries began 18 months ago and yielded results early this month.

BOMB EXPLODES UNDER BUS IN BUENOS AIRES; NO INJURIES

PY161833 Buenos Aires DYN in Spanish 1220 GMT 16 May 87

[Text] Buenos Aires, 16 May (DYN) -- Police sources have reported that a medium-strength bomb went off a few minutes before midnight yesterday in the downtown neighborhood of Palermo. The explosion caused a fire inside a tourist bus, but there were no casualties.

The sources said at 2350, a bomb went off under a bus -- presumably belonging to a tourism company -- at the intersection of Gascon and Honduras Streets.

The police reported that after the explosiion, the bus caught fire, and firemen had to take immediate action. They added that fortunately, there were no casualties. Explosive experts and agents from the 21st federal police precinct were at the scene early this morning trying to determine the characteristics of the bomb.

BRIEFS

COCAINE SEIZED IN SHOEBOX -- San Salvador de Jujuy, 25 Apr (TELAM) -- Bonifacio Giron Flores and Tereza de Giron, a Bolivian couple coming from Villazon, were arrested last Thursday afternoon by the National Gendarmerie at the La Quiaca market. The couple was carrying a shoebox containing 2 kg of cocaine. [Summary] [Buenos Aires TELAM in Spanish 1550 GMT 25 Apr 87 PY]

SPANISH CREDIT GRANTED -- The Spanish Government has granted Argentina a credit of $130 million for industrial equipment. The term for amortizing the debt is 9 years with a 5 year grace period. [Summary] [Buenos Aires LA PRENSA in Spanish 26 Apr 87 p 2 PY]

INFANTRY BRIGADE COMMANDER INSTALLED -- Tucuman, 27 Apr (TELAM) -- Colonel Carlos Farwig was installed today as the new commander of the 5th Infantry Brigade. [Summary] [Buenos Aires TELAM in Spanish 2330 GMT 27 Apr 87 PY]

GOVERNMENT TO CREATE ANTIDRUG SECRETARIAT

PY152352 La Paz PRESENCIA in Spanish 7 May 87 pp 1, 4

[All figures as published]

[Text] Annex 1 to the drug control agreement the Bolivian and U.S. Governments will sign in the next few hours provides for the creation of a state secretariat for combating drug trafficking [secretaria de estado para la lucha contra el narcotrafico], which will have ministerial rank and will be linked directly to the Presidency.

A unit subordinated to the secretariat will be in charge of planning and executing the program that will ban the cultivation of coca leaves.

The personnel appointed to this secretariat "will be carefully selected," and their assignment will not exceed 2 years.

The main objective of the antidrug plan is to reduce the price of coca leaves to a level that would discourage production. Official sources have said this is the only way to end the production of cocaine in Bolivia.

PRESENCIA learned that the program to ban the cultivation of coca leaves has other objectives, such as discovering and destroying the organizations that buy and sell narcotics and deal with coca leaves.

Control stations will be deployed in Cajsata, Yolosa, and Unduavi, in the Yungas, and wherever else needed. UMOPAR [Mobile Units for Rural Areas] will set "spot" checkpoints on the roads and paths used by drug traffickers.

In the awareness that drug traffickers use several highways and dirt roads as airstrips for their operations, the plan provides for the destruction of all clandestine airstrips and for the surveillance of highways.

Checkpoints will be established along dirt roads, while highways will be under permanent surveillance.

According to the plan, checkpoints will be set up near the following Chapare towns: Isinuta-Eterazama, Puerto San Francisco, Senda II, Puerto Aurora, Senda 3, Mariposas, El Vueltedero, Ivirgarzama, Valle Hermoso, and others.

The documents and ownership of planes will be checked to control private flights. Planes used to transport drugs or raw materials for producing drugs will be immediately confiscated and the pilots' licenses canceled.

In addition, all airstrips operating legally will have to register with the antidrug organization. Airstrips without registration documents will be destroyed immediately.

The UH-1 helicopters lent by the U.S. Government and other Bolivian Air Force helicopters will be used extensively. To this effect, a specialized maintenance and operation unit will be created. This unit will provide tactical air support.

The U.S. Government has promised to continue to provide technical and financial aid to the Bolivian Government during the 3-year plan.

To help Bolivia finance the cost of the program that will ban the cultivation of coca leaves before the implementation of the 3-year plan, the U.S. and the Bolivian Governments will sign an additional accord for a grant not to exceed $7,145,000.

One of the main conditions the United States has imposed is the rigorous selection of the UMOPAR personnel, making sure those selected have not been involved in drug trafficking.

The amount of $4,080,000 has been allocated for operational support to UMOPAR, including uniforms and equipment, communications equipment, vehicles, river patrol boats, helicopter pilot training, spare parts for Bolivian helicopters, and special investigations (Attorney General's Office); $125,000 for an educational campaign against drugs; $600,000 for UMOPAR activities and for improving its bases; $550,000 for operational support,which consists of food, per diem, fuel, airplane rental, and travel expenses; $995,000 for support to the Bolivian and U.S. helicopters; and $5,000,000 for the control of crops and elimination of coca leave plantations. The total amount is $7,145,000.

CLANDESTINE RADIOS SAID TO HELP DRUG PRODUCERS

PY161605 La Paz La Red Panamericana in Spanish 1130 GMT 16 May 87

[Text] Clandestine radio stations warning cocaine producers in the Cochabamba Valley about the presence of police forces have been proliferating in recent months. This information was provided to Panamericana by General Telecommunications Director Freddy Canaviri, who said these are makeshift radio stations that do not meet technical requirements to operate. He announced a regional agency of the Telecommunications Directorate has been created in Cochabamba to control and stop these irregularities. Canaviri said these radio stations will be closed down since they are operating illegally against the interests of the state.

Canaviri said that 13 clandestine radio stations are operating in the Cochabamba Valley and that both radio and television stations have proliferated in the Beni region. He added that the problem will solved by increasing the effectiveness of the Telecommunications Directorate in controlling telecommunications activities in Bolivia.

SOCIALIST PARTY 1 REJECTS 'FOREIGN INTERVENTION'

PY161611 La Paz La Red Panamericana in Spanish 1130 GMT 16 May 87

[Text] The U.S. military presence in Bolivia is a response to Bolivia's rejection of the 3-year plan to fight drug trafficking and to replace coca plantations. This was part of a document released by the Socialist Party 1, rejecting new foreign intervention in Bolivia.

The document emphasizes that coca production should be used as leverage in international negotiations to reactivate the country's legal economy.

SARNEY DISCUSSES LENGTH OF TERM, ECONOMIC SITUATION

PY190041 Rio de Janeiro Rede Globo Television in Portuguese 2330 GMT 18 May 87

[Address to the nation by President Jose Sarney from Planalto Palace in Brasilia on 18 May -- recorded]

[Text] Brazilians.

Good evening. I want to convey a message I consider very important for the political course of our country. Brazil knows me, knows that I do not make hasty decisions. By education and experience, I meditate, ponder, analyze, and listen; I am prudent when making a decision.

On 22 July 1985 I said anyone who believed that an authoritarian president was about to take over learned, from the very beginning, that this was not the case. I also said I do make mistakes. Once I become aware of my mistakes, however, I correct them. Today I want to add that when I am convinced I am on the right course I do not abandon it, no matter the difficulties, consequences, or problems. The responsibility destiny has placed on my shoulders is mine, and I will not shrink from it.

Without relinquishing my authority as chief of state, I head a democratic and open government. I have shown a spirit of tolerance, which many people have frequently considered excessive. I have not lacked the necessary and just patience required of chiefs of state.

I am a political party man. That is why I have entrusted parties with the political coordination of the government through the Democratic Alliance [AD], because I know there can be no democracy without parties. I have governed the country in close cooperation with political parties.

With the sincerity with which I have always addressed Brazilians, I must admit we are going through a stage marked by great, multiple, and serious problems. We wanted a government that will introduce changes, and we strove for that objective.

Brazil has changed. At historical times of transition, like the present, changes are mistaken for crisis. To solve the problems we are confronting, we must properly solve our first problem, which is of a political nature, and which underlies all other problems. This is the duration of the presidential term.

I summoned the parties to jointly examine the subject, beyond personal or sectorial ambitions or interest in candidacies, analyzing the issue exclusively from the viewpoint of national interest. I have awaited a definition for 5 months. I understand the difficulties our leaders have to confront. Yet I have concluded that the nation cannot remain immobile, following this debate in perplexity, because the interest of Brazil, which I swore to defend, is more important than the AD or the parties.

The law sets forth that the term of office of all those officials holding elective posts, like senators, deputies, governors, prefects, and councilmen, must be limited, and that it must be established before they are elected.

The elections for Tancredo Neves and I must not contradict the rule. We were elected for a 6-year term. Therefore, my term is for 6 years.

The lingering uncertainty cannot and must not continue without seriously harming the country. This uncertainty undermines the hierarchy of public service, and hinders the planning of our internal policy and the defense of our external interests.

Brazilians, I am here to speak clearly about this subject. I wish to tell you all that I will give up 1 year of my presidential term and will exercise my term for 5 years. My gesture has sprung from the wish to reach a broad understanding for reconciliation and for making decisions that will ensure that Brazil overcomes the crisis. I wish to set an unambitious example. I will leave office in 1990. Until then, however, I will fully exercise the mandate entrusted to me, and which I swore to defend through the Constitution, and according to the diploma I was given by Congress.

With the authority and impartiality of one who has resigned 1 year of his term, I defend, together with my constituents, the establishment of an identical 5-year term for the next presidents of Brazil according to the 1946 Constitution. I believe that a 4-year presidential term is not convenient for the consolidation of the democratic process. If we adopted a 4-year term, the campaign for presidential elections would begin now. This would harm the country, the democratic transition, and the work of the national Constituent Assembly.

Furthermore, in 1988 we will have to make state constitutions conform to the national Constitution; we will have to draft electoral, party, and supplementary laws; we will have to revise all our laws to make them conform to the new constitution; and we will also have to hold municipal elections.

In 1989 we will have to commemorate the centennial anniversary of the foundation of the republic of Brazil. We will commemorate the centennial of our foundation with a presidential election, over which I will preside.

I want to use this occasion to tell my aides, who are trustworthy delegates, to consider this discussion ended. I expect solidarity from the political parties. I ask the governors, constituent deputies and senators for their support and understanding in order to allow the consolidation of the democratic process.

In order to strengthen the democratic process, it is essential to prove that the civilian authorities can govern the nation. But the success of the civilian authorities depends on the definition of a period that establishes regular presidential terms. Otherwise, the government will not be able to formulate its programs and make decisions. The lack of definition is paralyzing the country, the crisis is worsening, and society is getting the impression of general immobility. In the final analysis, it is this absence of a political definition that has caused prices to soar, disturbing the people.

You can be sure that, rather than being economic, inflation and recession are political problems. Without a recomposition of political power, it will be impossible to prevent the growth of inflation and, sooner or later, the return of recession.

If we are unable to agree on the foundations for a political accord, we will be unable to end shortages and resume our economic growth. Everyone must unite to struggle against inflation. All of us should firmly unite. The way things are, inflation will not only increasingly reduce the purchasing power of salaries, but it may even -- and I am very sad to admit it -- provoke recession.

No threat is hanging over our democratic process. But we should act to avoid any deterioration of the situation.

I once again reiterate my permanent appeal in support of an accord on prices and salaries between employers and workers -- who are inseparable agents in the production process -- with the participation and coordination of the government, which will have to do its own share to succeed in the struggle against inflation. All parties in Congress must play a major role and render a significant service to the country and mobilize for this task.

I am not proposing a pact to support the government. I am proposing a broad agenda of social and political issues dealing with the democratic transition, sharing responsibilities with the government, in search of a solution to the problems that are hindering the consolidation of our democratic process.

I know and deplore, that the people are confronting great and serious difficulties. The states are in difficult situations, and the governors are struggling against an anarchic financial situation. They need time to work. The current disorderly strikes, which are not pursuing any objectives, are harming the interests of the public servants and the workers themselves.

Brazilians, before concluding my speech I want to convey to all of you my opinion on the system of government the Constituent Assembly is debating.

I support a presidential system in which the Congress would have a strong participation in government. After the Brazilian people chose direct elections, which were included in the Constitution at my own initiative, it would be very difficult for them to allow their power to form their government to be taken away from them.

Furthermore, we do not yet have the political institutions with which to lay the foundations of a parliamentary system, which consists of consolidated political parties and an administration selected by merit, organized on stable careers capable of ensuring the continuity of democratic action. Therefore, there is no need even to discuss the problems of extending this system into the states and municipalities in a country like ours that is so large and has so many dissimilarities.

This is my position on the government system I wanted to convey to all Brazilians tonight. We are living through a time of construction, building a world not just for the future but a world for the present, a world of interdependency where science and technology are opening a bright future for all people.

Brazilians, we are not thinking of being self-sufficient in a world that wants Brazil to participate as one of the great economic powers of the West. It is for this world, for the Brazilian children and youth, for the men of the future that the new constitution is being drawn. There are things that do not belong to just one generation but to all generations, to all times. We need a new and modern constitution to defend social rights, the interests of Brazil, human rights, a constitution to serve a pluralist, open, and more just society.

If we evaluate what people today are calling a crisis in our country, we will find that the crisis in reality is the need for a profound change that many people are resisting.

The president is not the creator of problems. On the contrary, he is stubbornly trying to solve them. I am certain that together we are going to overcome our problems. This is a first step. We must urgently solve the problems created by the foreign debt and the domestic economy. It is impossible to coexist with high inflation, high interest rates, and high prices. Today is only the beginning, and more steps will be taken.

The message is only one: It is time for faith and resistance to pessimism. Let God protect Brazil. Thank you very much and good night.

DEBT MORATORIUM AFFECTING EMBRAER BUSINESS

PY172205 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 May 87 p 23

[Text] [Agencia Estado] -- Heitor Fernandes Serra, the Embraer [Brazilian Aeronautics Company] trade director, said yesterday that the Brazilian moratorium on interest payments on the foreign debt is creating problems for the aeronautics industry. Embraer has already faced difficulties obtaining financing for the purchase of the Pratt and Whitney turbines to equip its planes. Fernandes Serra added that Embraer will sign a contract with McDonnell Douglas worth $90 million.

Speaking in the Petrobras auditorium, Serra said Brazil could find itself going against the current trend if the government increases controls on economic activities. He stressed that the current world tendency is to avoid instituting irritating state control mechanisms. Serra explained that Embraer was unable to meet certain conditions placed by the banks to grant the financing for the purchase of the Pratt and Whitney turbines because of its experience in the international market and its credibility in Europe and the United States. He added that the Canadian and Swedish bidders on the Brasilia aircraft are already offering longer financing terms for the purchase of their planes.

McDonnell Douglas is going to finance the $11 million that Embraer will invest to produce the flap [preceeding word in English], which is one of the main components of the MD-11, an aircraft intended to be the successor of the DC-10. The flap is the part of the wing of the MD-11 that will allow it to take off and land at low speeds.

Serra said the negotiations to sell Morocco military planes are proceeding well. He added that for the first time Embraer will negotiate a "barter agreement" with Morocco involving the exchange of Brazilian airplanes for fertilizers and phosphate.

Serra concluded by saying Embraer's sales in 1987 should total $620 million, of which $440 million will be for exports.

POLL SHOWS 42 PERCENT SUPPORT GOVERNMENT

PY181741 Santiago Domestic Service in Spanish 1030 GMT 18 May 87

[Text] Political sources haver reported that according to a Gallup poll, 42 percent of the citizens support the government. Twenty percent of the people polled said they support the government, while 22 percent said they support what has been done in the past decade.

According to the same poll, Chileans are not very interested in political activity, although a certain percentage keep abreast of ideological trends.

The best-known parties include the Christian Democratic Party, the National Party, the Radical Party, the Communist Party, and the Socialist Party.

Concerning the people's support for the government, the Gallup poll revealed that such support includes citizens who openly support the government, as well as those who prefer the government to other political alternatives.

Thirty percent of those polled mentioned their preference for a center or center-right government. Fifteen percent would prefer a rightist government.

GOVERNMENT CHANGES CAMPUSANO BANISHMENT TO NEW TOWN

PY160050 Paris AFP in Spanish 2201 GMT 15 May 87

[Text] Santiago, 15 May (AFP) -- Former Communist Senator Julieta Campusano, who was arrested on 12 May in Santiago after clandestinely returning to Chile from exile, was transferred today to the remote town of Camina, 2,000 km north of Santiago, her attorneys and relatives reported today. The report could not be initially confirmed from official sources.

Juan Guillermo Carvajal, Julieta Campusano's husband, has stated that his wife was banished 13 May to the town of Sierra Gorda, in the Antofagasta region, but that authorities in the past few hours transferred her to her new place of confinment.

Julieta Campusano, 69, was arrested shortly after she, along with former Communist Deputy Mireye Baltra, who was banished to Puerto Aisen, 1,800 km south of Santiago, publicly appeared in Santiago.

SOCIALISTS DISAPPROVE CREATION OF LEFTIST FRONT

PY161601 Madrid EFE in Spanish 0157 GMT 16 May 87

[Text] Santiago, 15 May (EFE) -- Ricardo Nunez, top leader of the Chilean Socialist Party, stated today that his party does not intend to create a single leftist bloc, as proposed by other parties, especially those in line with Marxism.

According to Nunez, who leads one of the most important factions of Chilean socialism, "it is of little use today to talk of forms of organization which have not been previously discussed and are of no political significance."

Nunez added that "the political solution in Chile today will be achieved through free elections with the participation of all Chileans."

"Only after recovering the people's sovereignty will we be able to meet the people's demands for bread, work, and justice," Nunez added.

According to the socialists, "it is possible to achieve the unity of the opposition, the main objective of our current struggle, taking into account that the priority objective is to prevent the perpetuation of Pinochet in office, and to unite all socialists in a historical reunion under Salvador Allende's legacy."

The Chilean opposition now includes the Popular Democratic Movement, which groups the Marxist parties; the Democratic Alliance, which groups the non-Marxists; the socialists followers of Nunez, who do not recognize the above groups; and the rightists of the National Renewal and National Party.

FOREIGN CORRESPONDENT CITES PRESS RESTRICTIONS

PY162122 Madrid EFE in Spanish 1836 GMT 16 May 87

[Text] Santiago, 16 May (EFE) -- Malcolm Coad, a correspondent for the London GUARDIAN and THE WASHINGTON POST, today charged that "press reports (from Chile) intended for abroad have been checked."

Coad, a former president of the Association of Foreign Correspondents in Chile, made exclusive remarks to the newspaper FORTIN MAPOCHO. He said: "We know our telex messages and radio reports intended for abroad have been intercepted." Coad added "in some instances we have been warned not to cover certain events, such as the finding of the clandestine arsenals (in August 1986)."

Coad, who stepped down as president of the Association of Foreign Correspondents after serving three terms, said: "Because we and our Chilean colleagues are facing the same problems on the streets, many correspondents have been beaten and detained, and their houses have been searched. Some have been expelled; this possibility is always hanging over our heads."

Coad noted that "many people had to leave the country last year when the state of siege was imposed because they were receiving threats." The foreign correspondent added: "We have time and again received threats by telephone. But in general, we are better off than our Chilean colleagues, with whom we share problems and fears stemming from frequent threats, which have sometimes materialized."

Coad concluded by stating "the regime blames the foreign press for its poor image abroad because it finds it easier to put the blame on the press. The Chilean regime has excelled in this task."

BRIEFS

ZAIRIAN AMBASSADOR PRESENTS CREDENTIALS -- Ngongo Kamanda, new Zairian ambassador to Chile, has presented his credentials to President Pinochet in the presence of the deputy foreign minister, the protocol director, and deputy director. [Summary] [Santiago LA TERCERA DE LA HORA in Spanish 16 May 87 p 15 PY]

INTERVIEW WITH FINANCE MINISTER ON FOREIGN DEBT

PA161543 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 14 May 87

[Interview with Cesar Gaviria Trujillo, minister of finance and public credit, by reporter Yamid Amat; no date or place given -- recorded]

[Text] [Amat] The government, through Dr Cesar Gaviria Trujillo, minister of finance and public credit, has drafted a foreign debt plan for [words indistinct] and targets apprximately $10 billion for economic development. The CARACOL Network is in contact with Minister Gaviria. Dr Gaviria, is this not too [words indistinct] taking into consideration that the country's current total debt is about 14 billion [currency not specified]?

[Gaviria] No, actually this plan of the Colombian authorities is not aiming too high. It simply means that we aspire to continue to implement the policy the country has been advocating of fulfilling its international commitments, although the plan seems to be ambitious in terms of the resources the country hopes to obtain. The total debt would only increase by 3 percent per year, which is barely enough to compensate for world inflation.

If we take into consideration the growth of the Colombian economy by 4 percent over the next 4 years and the growth of our exports, our indebtedness ratio would drop. In fact, there would actually be a progressive decrease of the indebtedness in comparison to the payment capacity of the Colombian economy. A 3-percent growth of the debt is very slow growth in comparison to the past years and periods, except between 1974 and 1978.

[Amat] Mr Minister, at any rate the $10 billion running through 1990 is made up by old credits, which are agreed upon but not yet released, and new credits that you must be seeking, as well as foreign investments. How much is old credit, new credit, and investment?

[Gaviria] Yamid, actually what you call old credits are indeed credits already agreed upon with the World Bank and IDB. They will be released; there is no doubt abut that, not only because they have been agreed upon, but also because the country has the full support of those institutions.

There are other credits from suppliers and relatively moderate commercial banks that were also agreed upon. Basically, the fundamental issue is to ensure that commercial banks will maintain a credit flow for Colombia not exceeding the capital payments due in the next 4 years. That is why we do not believe the aspirations of the Colombian economic authorities are exaggerated.

As for foreign investments, these are not included within our program. They would be part of the flow of capital that would enter the country. There is much activity through foreign investment. In our economic planning for Colombia we have not exceeded the historical figures, which are very modest figures for foreign investment, if we exclude investments in large mining projects such as Cerrejon and Cerro Matoso.

[Amat] Mr Minister, as for regular revenues, the document you made public states that beginning next year coffee revenues will total $1.6 or $1.5 billion compared to $2.4 billion [words indistinct] last year. Does this mean the government is not very optimistic about the future of coffee?

[Gaviria] No, the government has made estimates. It has made quite moderate, not to say very prudent, estimates when it comes to international prices. We have estimated this year's coffee prices will not exceed...[changes thought] our estimated are much lower than even current prices in the market. Our estimate sets a pound of coffee at only $1 simply to avoid being too optimistic; we have weighed all possible situations. We have made estimates with petroleum at prices lower than those prevailing in the market today. We have made estimates with petroleum costing only $15 per barrel when the going price at the international market stands at $18 today. We have made estimates with coal costing only $25 per ton. Feedback we have received claims that Colombia's estimates are relatively conservative in relation to international prices. This makes them strong, because it means we are prepared to face certain kinds of adverse results or drops in export revenues. We did not want to be optimistic. Of course, if the figures turn out to be higher, if the country's revenues turn out to be higher, the country's economic position would be strengthened.

[Amat] A few days ago, Minister, Dr Lemus [not further identified] said that no matter how honest a person is, if he lives on a street full of people with bad reputations, he runs the risk of being thought of as having a bad reputation as well. How has Colombia's credit been adversely affected by the bad neighbors we hear so much about?

[Gaviria] You are entirely right. I had the opportunity to listen to that comment. If the country could somehow isolate itself from the problems of the continent it would not have any problems in obtaining international credit. It would be easier and cheaper to obtain credit. All these problems which have caused public opinion to be concerned would not exist, because documents can prove that Colombia is in a different situation. International banks share this same opinion. Commercial banks said the country is capable of paying its debts, and the country can have sustained levels of growth without suspending its debt payments. Latin America is a continent considered to be full of difficulties in meeting its commitments. It is a continent in which renegotiations and moratoriums prevail. This may become an obstacle for Colombia. However, this does not mean we can be successful. Colombian economic policy has been good and prudent in the last few years. Colombia has had successful economic programs in the last few years. Thanks to this, the international financial community is aware that Colombia is a special case, and we hope to be included in special financial programs that will allow us to remain in foreign exchange markets in the future.

[Amat] Speaking of other things, minister, Maria Isabel Rueda [not further identified] said a few days ago that she heard fom a trustworthy source that government Minister Fernando Cepeda would become Colombia's ambassador in Washington and that Finance Minister Cesar Gaviria would become the government minister. It is a report we have heard. Do you know anything about this?

[Gaviria] No, they are only rumors. Actually I expect to remain in my post until the presidents tells me otherwise.

[Amat] That is to say, Minister, you prefer to stay in the Finance Ministry and not participate in politics?

[Gaviria] No, I do not have tha type of option. I do not believe that President Barco is considering these types of changes.

[Amat] What do you believe is most difficult, dealing with the economy or with politics?

[Gaviria] I respect political activities. It is the main cause for concern of any government. All governments are concerned about their political problems. Economic problems are important, and it is necessary to have a strong economy so political activities can be successful. A country needs economic stability for its political activities to be successful. We need to ensure that our national rehabilitation plan is successful, and we need to make our regions progress. The economic duties are important because we have to ensure prosperity, economic growth, and employment. I cannot say which is most important -- politics or economics.

[Amat] Yesterday I was having lunch with a very intelligent member of the opposition, and he admitted the economy was doing well. He said the government's economic policy was doing well. Why is this not being felt in the political environment? The country is doing well economically, but why are political problems getting more serious?

[Gaviria] Well, I would say that when there are serious economic problems, as during a certain period during the past administration, those problems become the major concern for the country, but when the economic problems are taken care of, I believe political problems go to the forefront, and this makes political problems the ones that are most talked about. I believe that in economic matters, the situation is less controversial.

[Amat] One cannot know what the president is thinking about, but do you believe there will be a crisis soon?

[Gaviria] I am not the person to give you an opinion on that. I will remain in this ministry until the president believes a good job is being done and his policy is working.

[Amat] Thank you very much for this interview with Caracol. You have been very kind.

[Gaviria] Thank you.

HOSPITAL DE CLINICAS LEADERS RELEASED FROM JAIL

PY140002 Asuncion ULTIMA HORA in Spanish 13 May 87 p 12

[Text] With expressions of joy, applause, and slogans, the Hospital de Clinicas personnel this morning received the four trade union leaders who, since 10 May, had been held at a police station. They were arrested after visiting the Tavapy II settlers to provide medical care.

Dr Carlos Filizzola, Dr Jorge Querey, Dr Enrique Bellasai, and orderly Nemesio Miranda were released at about 0730. After their release, they attended a 0900 meeting of physicians, employees, nurses, and students of the Hospital de Clinicas and the medical school.

The labor union activists thanked "the active solidarity of our companions for our release," referring to the partial stoppage of Hospital de Clinicas personnel and medicine professors in effect since 11 May. The stoppage was lifted today after the leaders were released.

"This shows once again that if we remain united and firm in our struggle we will achieve the victories needed to improve the situation of our organization," the leaders pointed out. Carlos Filizzola stated that "we must now concentrate again on our struggle for better wages, a struggle which continues."

For his part, Professor Luis Alberto Reyes, the medical school dean, told the press that "we are pleased with the release of these leaders. The [medical school] managing board has already issued a statement on the situation. Some people were detained, ignoring their rights, and taken from one place to another without any explanation."

Following the speeches made during the meeting, the Hospital de Clinicas personnel participated in a musical show.

VISITING UK DELEGATION COMMENTS ON HUMAN RIGHTS

PY081419 Asuncion HOY in Spanish 8 May 87 p 5

[Text] A delegation of British MP's and trade union leaders, which is visiting Asuncion, yesterday held a news conference at a hotel in downtown Asuncion. During the conference, they focused on the human right situation in our country.

Lord Eric Avebury, the delegation's spokesman and the president of the House of Lords Human Rights Commission, said: "We are pleased with the return of exiles to Paraguay, the lifting of the state of siege, the improvement in the situation over the freedom of assembly and press freedom, and the apparent political improvement, allowing independent trade and labor unions to operate." During the conference, however, the British legislator emphasized that the human rights situation in our country has not changed much. He said that despite these improvements "new repressive bills are about to be passed which will increase the control exercised on the activities of the trade and labor unions, the mass media, and especially political activities."

Another point discussed during the news conference concerned the groups of Indians. Lord Avebury pointed out that they were unable to gather evidence at the site where Indians are settled. "We discussed this issue with the proper authorities and they were very keen to inform us about the way the Mennonites are exploiting the Ayoreos Indians, using them as a source of cheap labor," Lord Avebury said.

In conclusion, Lord Avebury said the delegation will present a report to the UK foreign minister on the visit made to our country. The delegation also includes Jack Henry, the president of the executive board of the Trade Union of Construction and Related Technical Industries (UCATT); John D. Kraniauskas, a professor of political sciences at the University of London; and Ed O'Connell, a Catholic priest and a member of the congregation of Columbian [columbanos] Missionaries.

NANDUTI DIRECTOR PREVENTED FROM LEAVING FOR U.S.

PY162144 Asuncion HOY in Spanish 16 May 87 p 6

[Text] Commenting on the measure that prevented him from leaving for the United States yesterday at the invitation of the Foundation for the Promotion of Democracy, Radio Nanduti Director Humberto Rubin said that "this measure is very disconcerting; it is so very childish." In view of this situation, Gloria Rubin, the Radio Nanduti director's wife, had to travel with "a ticket she had bought to use in case of problems."

Rubin said: "It might be asked at the international level if this is a game to win me over by making me lose patience or if it is meant to humiliate me. The first time my passport was taken away from me and I had to pilgrimage through ministries and police stations to get it back. And now, after the U.S. Embassy without any problem granted me a visa to enter the United States and I was ready to board the plane, I was informed that I could not do it on orders from the courts."

Regarding the "court order" enjoining the well-known radio director from leaving the country, Rubin explained that it had to do with "a very old court case," and that he could not see how it could affect him. He added that the court process was closed and that his arrest "had never been ordered," even when he previously traveled to the United States and Spain. He then pondered: "This is very disconcerting; it is very childish."

Gloria Rubin now will represent her husband at the Washington seminar and present the papers he prepared. It should be noted that President Ronald Reagan is one of the principal supporters of this seminar, which is being sponsored by the Foundation for the Promotion of Democracy.

Humberto Rubin said in conclusion that he was told at the airport that the order enjoining him form leaving the country was issued by a criminal judge.

CHILEAN INTERIOR MINISTER ARRIVES FOR CEREMONIES

PY161439 Asuncion EL DIARIO in Spanish 14 May 87 p 13

[Text] Chilean Interior Minister Ricardo Garcia Rodriguez arrived at 2130 local time on 13 May to participate in ceremonies commemorating Paraguayan Independence Day. The Chilean interior minister arrived on board a Chilean Air Force plane and was declared an official guest of the Paraguayan Government.

FURTHER ON POLICE STRIKE, NEGOTIATIONS

PY190058 Paris AFP in Spanish 0012 GMT 19 May 87

[Excerpts] Lima, 18 May (AFP) -- Five hours of negotiations held here between representatives of the government and police personnel, who have been on strike for 4 days, have not been instrumental in solving the conflict. This was gathered from an official communique released here.

Luis Negreiros, secretary general of the ruling American Popular Revolutionary Alliance [APRA] representing President Alan Garcia, met at noon today with nine representatives of the striking policemen at Government Palace.

In a communique issued after this meeting, the government reiterates that it intends to meet the economic demands of the policemen in accordance with available fiscal resources and in keeping with the current economic policy.

The communique adds that the government's objectives were outlined in another communique issued last night in which they urge the policemen to lift the strike and order them to return to work. In today's communique, the government notes that during the talks it was admitted that subversive individuals are taking advantage of the conflict and are trying to prevent a solution.

Army personnel have taken control of key areas of Arequipa, 1,000 km south of Lima, where approximately 1,000 policemen joined the strike and staged a march through the streets of the city. Reports from other cities also indicate that the strike continues, although with diverse intensity.

The APRA has also called upon the policemen to act calmly, noting that APRA offices and members have been attacked.

More on Arequipa Strike

PY181817 Paris AFP in Spanish 1805 GMT 18 May 87

[Text] Lima, 18 May (AF) -- Reports from Arequipa, the second largest city in Peru, located 1,050 km south of the capital, indicated today that hundreds of policemen have joined the strike Lima noncommissioned police officers have been staging for 4 days.

Arequipa Civil Guards and Republican Guards staged street demonstrations and broadcast communiques over local radio stations demanding salary hikes and expressing support for the strikers in Lima, according to sources of the newspaper CORREO.

Arequipa authorities have yet to make a statement on the conflict, and although police services to the public have been suspended, the Army has not taken over the preservation of public order, the sources added. It is possible that emergency measures will be implemented soon, the sources said, adding that the attitude of the policemen has given rise to anxiety among the people of Arequipa.

According to yet another report received by telephone in Lima, the police strike in Cusco, the old capital of the Incas 1,115 km southeast of Lima, has almost become a general strike.

Strike Reportedly Over

PA190119 Lima Domestic Service in Spanish 0001 GMT 19 May 87

[Text] Policemen have lifted their strike and they have gone back to work. The commission of police representatives has announced its decision to lift the strike and return to work, thereby reestablishing normal service.

In a written statement issued at 1700, the commission expressed its trust in President Alan Garcia to take care of its economic and institutional demands. The document was signed by Sergeant Celso Pastrana, Corporal Juan Cuevas Vargas, and Republican Guardsman Regulo Pena Mayorga. Civil guardsmen Cesar Vidal Vasquez, Jose Pastrana Neida, David Roldan Infante, Juan Rubio Vega, Jaime Cegarra Cegarra, Rodrigo Castro Quevedo, Mrs Winnie Pimentel Benitez, Delia Almonte de Paredes, Mr Carlos Sanchez Laos and Chief Jorge Caro Rivera, retired, also signed the document.

Another document, one released by the dialogue commission of the police forces auxiliary personnel at the end of a meeting held in the Government House with APRA Secretary General Deputy Luis Negreiro Criado, states the following as the strikers's decision:

Since the dialogue with the government has been renewed, the following agreements have been reached: First, service will be reestablished as of 1900 on Monday 18 May because negotiations will continue. The negotiations are based on the document signed yesterday and they are recognized by the government commission. Second, the government guarantees the return to normal of the duties performed by the police and supports that return to normal with today's communique. Third, the commission will be responsible for the achievements that may be obtained as agreed upon by both parties, because they will be implemented at the end of the month. Fourth, the commission will continue to negotiate all the points in our petition.

Likewise they express their trust that President Alan Garcia will take care of their economic and institutional demands.

APRA HOLDS RALLY SUPPORTING GARCIA ADMINISTRATION 17 MAY

PY181536 Lima Radio del Pacifico in Spanish 1300 GMT 18 May 87

[Text] APRA militants yesterday held a rally at Lima's main square to express support for the government of President Alan Garcia. During the rally, the people were urged to defend the democratic system against those who want to destabilize the country, either through terrorist action or stoppages.

Victor Jesus Legua, the APRA national secretary for the interior, said the APRA national executive board called the rally against those who want to wreak havoc in the country. Every APRA militant will defend democracy to the point of surrendering his life if necessary, Legua added.

The rally was attended by APRA lawmakers, including Jose Carrasco Tavara, Mercedes Cavadillas, Berta Gonzalez Posadas, Romulo Leon Alegria, (Wilber Bendesud), Orison Pardo Matos, Alfonso Ramos Alva; Alberto Quitasolo, the APRA secretary for organizations; Vitaliano Gallardo, the APRA secretary for discipline; and Lima Mayor Jorge del Castillo.

While the APRA militants were gathering at the main square, a group of striking policemen from Callao appeared, shouting slogans against APRA. Fortunately, the insults exchanged between the two sides did not result in bloodshed because both the policemen and some APRA militants were carrying arms.

Victor Jesus Legua was the first to speak at the rally. Legua called on his fellow party members to remain alert in the face of these actions, which seek to tarnish the democracy the current government is working so hard to consolidate.

The Lima mayor stated that the CGTP [General Confederation of Peruvian Workers], the police forces, and the Shining Path organization are involved in these actions. He said: It is not by accident that we exprienced the police stoppage, the anniversary of the Shining Path terrorist actions, and on 12 May the stoppage sponsored by the CGTP. The mayor added that some people have infiltrated the police, and it is necessary to remove them to prevent new confrontations.

After the rally, President Alan Garcia appeared at one of the windows of Government Palace. He was greeted by applause from the APRA militants.

Senator Alfonso Ramos Alva stated that in Peru there is a leftist faction, led by Alfonso Barrantes Lingan, with whom talks can be held, and another faction, made up of ultra-leftists [zurdos], with whom it has been proven that it is impossible to talk.

PRESIDENT GARCIA DISCUSSES STRIKE, SOLUTION

PA190231 Lima Television Peruana in Spanish 0110 GMT 19 May 87

[Text] President Alan Garcia Perez has stated that a lofty dialogue has prevailed for the solution of the problem, when referring to the strike which was lifted today by the police forces.

[Begin recording] [Unidentified reporter] Has the policemen's strike ended? We saw the police commission leave the Government Palace this afternoon.

[Garcia] Yes, I am satisfied because the problem will be solved [corrects himself] has already been solved. We have been working on this with APRA Secretary General Deputy Luis Negreiro, and I would like to emphasize a fundamental thing: We had to handle this problem with caution and serenity -- without haste. First of all, the police forces are a vanguard in the struggle against terrorism, subversion, and crime. Therefore, anything which refers to them must be handled with serenity. Second, this involves 90,000 families who have suffered hundreds of losses in recent years due to subversion and terrorism throughout the country. Third, any hastiness could have caused a terrible bloodbath -- either between the government and the police forces; or between the Armed Forces and the police -- which could hardly be stopped, thus inflicting deep wounds on the Peruvian family.

Furthermore, I believe we have calmly heard all the proposals despite other people's hastiness. Democracy must listen but authority cannot be negotiated. Democracy must listen and this has been proven by my colleague, Deputy Negreiro, who has personally handled the negotiations -- on behalf of the government and the country -- and met with other persons under unprecedented circumstances. However, he heard all the arguments and tried to satisfy all the demands whenever possible. Everyone has reasserted their trust that the Presidency of the Republic and the government are willing to solve the problem.

However, I want to clearly state that democracy is serene and listens to everything; but democracy and authority cannot be negotiated. When we were told: Tell us exactly how much you will give! We said: We want to solve the problem and attain a comfortable standard of living for the police forces, but no government will negotiate or accept conditions at gunpoint or under the threat of a riot. Consequently, we were trying to do what a calm government will do: Handle things carefully to prevent bloodshed, even among government forces, and to avoid negotiating our authority. Everyone must accept that supreme decrees and resolutions cannot be enforced at gunpoint.

I believe the solution to this problem was attained through a dialogue and this will let us implement some measures to benefit the police. However, no threats have prevailed against the government. This cannot be accepted under any circumstances. We had to wait 3 days -- I know everyone was tense and expectantly awaiting results -- simply because we do not want to open wounds which Peru will deplore later on. This particularly involves personnel we love very much despite their excesses and -- at times -- vandalic actions. We must recognize that certain things come first, despite all our mistakes. We are engaged in a struggle against crime, terrorism, and homicides. We must give this top priority and handle things carefully to prevent incidents we will later deplore.

I do want to tell you I am quite satisfied with the Peruvian people, who have been mature and highly aware of the situation. The Peruvian people have understood the government's caution and the need to wait, and the Peruvian people have not reacted as they did approximately 3 years ago. In other words, they did not avail themselves of the situation to perpetrate vandalic actions and loot markets. I believe we have shown great maturity so far, and I am satisfied because we have had no riots. There has been fear and uncertainty, but the people were sure the government would solve the problem -- and the wisdom and reason would prevail.

Furthermore, the Armed Forces have reacted efficiently and calmly. The Armed Forces have come out of their garrisons and barracks to maintain order. The Armed Forces have not had -- until now -- to use their enormous firepower to make sure that peace and order prevail in the country. We have implemented flexible, calm, and cautious views in this case. However, we have also enforced our authority so it is not undermined by coercion or threats.

[Unidentified reporter] Any government [words indistinct], Mr President?

[Garcia] We have always heard the policemen's demands and proposals. Naturally the policemen are vanguards in the struggle against terrorism and subversion -- the main problems afflicting the country. We cannot issue any specific offer because this would mean the demand was presented at gunpoint. We are truly interested and willing to solve the problem according to the country's economic state. The necessary preliminary steps will be taken.

I told the men who came to see me that they should trust us. I cannot make any offer and thereby irresponsibly compromise the country's authority. They must trust the government. It has taken some time to tell this to all the police members who doubted anything would be attained. However, I think that wisdom and reason -- and the principle [corrects himself] the instinct of survival in our society -- prevail over any plans for violence.

We represent a democratic and popular government which is constantly struggling against terrorism, subversion, and crime; and we welcome any proposal. We will immediately implement all the necessary measures to solve problems that can be solved. Order must always prevail and our authority must be respected.

[Unidentified reporter] What if some police members reject the agreement attained this afternoon at the Presidential Palace?

[Garcia] Well, that would be too much. This is something society should no longer tolerate. We have taken our time and shown a flexible attitude. No one can doubt we have reached the limits of our caution -- if caution has a limit. I think the concept of authority should prevail, but we would unfortunately have to enforce order at any cost.

I am sure the police members, their wives, and children who hear me now will know that something has been attained despite the situation in the country, and their salaries are not below inflation prices. We will continue to exert ourselves and, as stated by the document signed by the Civil Guards, you can rest assured we will do all that is necessary to help those exerting themselves to the utmost.

I understand quite clearly and recognize that a person who earns a salary of 4.5 million [currency not specified] working at a desk exerts himself less than a Civil Guard who struggles against terrorism and crime, and endangers his life by wearing the uniform the homeland has given him yet who earns the same salary. We must therefore compensate for such dramatic circumstances in a certain way. That is why I preferred to be flexible and cautious, even though others were impatient and criticized everything. We must prevent further bloodshed in Peru. The country has had enough deaths. Too many human lives have been lost in the country to seek further bloodshed in this type of situation.

[Reporter] Policemen who participated in the strike are now afraid of reprisals. Will there be any reprisals?

[Garcia] No...the term reprisals is not the most appropriate one.

[Reporter] Sanctions?

[Garcia] When you talk about sanctions you must first see what type of crime has been perpetrated. If there are events which cannot be overlooked...[changes thought] I have been told -- I do not know if this is true -- that a bus driver was killed when he tried to defend his bus. This cannot be overlooked. The principle of authority cannot be negotiated and grave actions cannot be overlooked. Referring to this I would like to tell you Peru's democracy can analyze and solve problems and settle difficult situations in our everyday life, but we cannot override any law. Naturally, we can be as flexible as possible, given the political circumstances and our willingness to solve problems instead of worsening them.

[Reporter] Is it true that Minister Salinas presented his resignation as a result of the police strike?

[Garcia] No. Minister Salinas has not presented his resignation and I do not think he will. Thank you.

[Reporter] [Words indistinct] announced for tomorrow?

[Garcia] I think -- now that you mention it, even though this is not the issue -- the right to state an opinion has been fully established in our Constitution; it is fully respected by the government. There is nothing I can say about citizens who do not support the government or agree with the efforts we have exerted -- of what little we have done for the country's future -- to counter the problems we currently face. You are all aware of these problems and we cannot truly think that everyone should unanimously support the government. Only a dictator can think that. We understand that certain persons do not agree with our actions and we naturally respect their decision. This is not a crime. Naturally, Peru needs our efforts and, above all, we must be aware of the critical problems we currently face.

We are navigating in a choppy sea, the wind is against us, but we must sail regardless. Therefore, everyone must understand this. If, despite all this, there are those who believe other solutions are possible and things can be immediately improved -- and think the way to express that opinion is by suspending work which the country needs -- there is nothing in the Constitution which states that they cannot do it. I cannot say how people should think. I respect everyone's opinion and will.

SOLDIERS, TANKS POSTED NEAR GOVERNMENT PALACE

PY181247 Lima Radioprogramas del Peru in Spanish 1150 GMT 18 May 87

[Report by Enrique Reforme on situation in downtown Lima at 1150 GMT -- live]

[Text] Army personnel guarded all the streets and avenues leading to Government Palace throughout the entire night. There are detachments of 10 armed soldiers, 1 officer, and 1 small tank guarding each of the streets crossing Tacna and Huancay Avenues, and the streets behind the Government Houses, as well as other nearby streets.

People going to downtown Lima for work or to their homes must identify themselves. No excuses will be accepted. This news is to inform the people and workers who must approach Government Palace. We repeat the Army is still guarding Government Palace along Huancay and Tacna Avenues with detachments of 10 to 12 heavily armed soldiers and an officer, and a small tank on each of the streets leading to Government Palace.

TWO TERRORISTS REPORTED DEAD IN CLASHES WITH ARMY

PY172332 Paris AFP in Spanish 2143 GMT 16 May 87

[Text] Lima, 16 May (AFP) -- It was officially reported here today that two terrorists died and two military men and a civilian were wounded in clashes between the police and subversives in several places in Ayacucho in the southeastern Andean region.

According to a communique issued by the Armed Forces joint command, on 10 May an Army patrol clashed with some 20 terrorists in the Parco Alto region, in the southeastern Andean region, in the Ayacucho Province of Vilcashuaman. The patrol seized weapons, explosives, equipment, and subversive propaganda material. The communique added that on the same day, another Army patrol clashed with terrorists in Nortey Pata, in the Ayacucho Province of La Mar, where two soldiers and a terrorist were wounded.

It was also reported that a patrol confronted five terrorists in the Tribolini region (La Mar Province), where one terrorist died and a Civil Guard was injured.

Meanwhile, a terrorist sniper yesterday shot detective noncommissined officer Rogelio Pedreros, 29, twice and killed him in Huanta, Ayacucho Province, the local police have reported.

In another clash, which was not reported in the communique, Sergeant Teobaldo Reyes, 20, was killed when a military patrol was attacked by a terrorist column in Pichari, in the jungle 200 km northwest of Ayacucho.

In the city of Ayacucho last night, two powerful bombs exploded in the downtown sector, frightening the population and prompting intense military patrols.

In Cusco yesterday during a simulated antiterrorist exercise, Civil Guardsman Edwin Cosio was riddled with bullets. He is in very serious condition at the Cusco regional hosptial, 1,150 km from Lima. During the exercise, which was named Alacran, a passenger plane was to be seized by an alleged terrorist commando in the middle of some 1,500 persons who were at the airport, but who were not aware the exercise was in progress. A plainclothes, hooded terrorist suddenly appeared brandishing a submachinegun with blank cartridges and a grenade (a baseball). The alleged terrorist (Cosio) was machinegunned down by a policeman, who apparently was unaware of the ongoing exercise, the source said.

CULTURAL EXCHANGE AGREEMENT SIGNED WITH SOVIET UNION

PY151540 Lima Television Peruana in Spanish 0115 GMT 15 May 87

[Text] An important agreement to intensify cultural exchange and cooperation in radio and television broadcasting was signed today between the National Social Communications System and the State Committee of the Soviet Union.

In order to intensify cultural exchange and cooperation in radio and television broadcasting, the State Committee of the Soviet Union and the National Social Communications System signed a protocol this afternoon. Thus the signatory countries will annually exchange special programs and foment cultural exchange. The document was signed by Soviet Ambassador Anatoly Filatov and Technical Director of the National Social Communications System Carlos Guillen, who expressed their satisfaction over signing such a document. [passage indistinct]

SANGUINETTI ON FULL STOP LAW, PROTECTIONISM

PY142214 Montevideo Radio Carve in Spanish 1600 GMT 14 May 87

[Excerpt] President Julio Maria Sanguinetti has said he does not believe it is possible to collect enough signatures to implement the referendum for the Full Stop Law. In a short interview with members of the foreign press who are covering the meeting of the International Press Institute, President Sanguinetti said that even if the signatures are collected, the people will still democratically ratify the Full Stop Law.

In his half-hour speech to the members of the International Press Institute who were gathered at the City Hall, Sanguinetti said, among other things, that the 1973 coup ws a result of several other incidents which showed that democracy in our country was still weak. He also harshly criticized the European and U.S. protectionist measures against Latin American products. [passage omitted]

SUMMIT MEETING WITH ALFONSIN, SARNEY DISCUSSED

PY182215 Montevideo Radio Carve in Spanish 0930 GMT 18 May 87

[Text] During an interview with the morning daily LA MANANA, Foreign Minister Enrique Iglesias commented on bilateral integration and cooperation projects. Minister Iglesias, who visited the country's coastal region last weekend, confirmed that, during the next meeting between Alfonsin and Sanguinetti, the two presidents will discuss ways to improve integration between the two nations dealing with projects that border on the banks of the Uruguay River, and other cooperation projects to be implemented.

On another occasion Minister Iglesias stated that an increase in interest rates cannot be tolerated. He also added that the foreign debt issue will be included in the agenda for Sanguinetti's meeting with Alfonsin and Sarney.

RAILROAD EXCHANGE AGREEMENT SIGNED WITH BRAZIL

PY061653 Madrid EFE in Spanish 1850 GMT 5 May 87

[Text] Montevideo, 5 May (EFE) -- Today Uruguay and Brazil signed a railway technology exchanges agreement as an extension of the agreements signed in 1986 between President Julio Maria Sanguinetti and President Jose Sarney. Felipe Moyses Betti Nero, the coordinator of the Brazilian development projects, went to Motevideo to sign the agreement and meet with Uruguayan officials. The agreement signed on behalf of the State Railways Administration [AFE] of Uruguay and the Institute of Technological Research (IPT) of Sao Paulo state (Brazil) calls for technological exchanges in the railroad field.

BRIEFS

AMBASSADORS APPOINTED -- Montevideo, 29 Apr (AFP) -- The office of the president of the Republic today reported that the Uruguayuan Government today appointed new ambassadors to several European countries, a Central American country, and an African country. The appointments were made as follows: Luis Alberto Sole (UK and Northern Ireland); Mateo Marquez Sere (the Netherlands); Fernando Gomez Fyns (Yugoslavia); Francisco Bustillo del Campo (El Salvador); and Alvaro Alvarez (Gabon). [Text] [Paris AFP in Spanish 0122 GMT 30 Apr 87 PY]

TRAFFICKER SMUGGLES DRUGS ON U.S. AIR FORCE PLANE

PA181553 Panama City EXTRA in Spanish 18 May 87 p 18

[Article by Juan Aristides Pritsiolas]

[Text] An alleged member of the U.S. Southern Command, who last week boarded a plane at the U.S. Howard Air Force Base, was arrested with 39 kg of pure cocaine in his luggage. That person, whose identity has not been revealed due to current legal provisions, is a Panamanian citizen who forged documents that accredited him as a U.S. Southern Command member.

Dressed in a first sergeant's uniform, the trafficker went to the Howard Air Force Base and boarded a U.S. plane that was going to the U.S. state of North Carolina. However, the trafficker was discovered when the military plane made a technical stopover in Honduras. When the Honduran authorities were checking the luggage of the military crew, they discovered the 39 kg of cocaine in the bags of the false first sergeant.

EXTRA learned that the Honduran authorities will deport the trafficker to Panama in the coming hours. The Panamanian Attorney General's Office and intelligence experts of the U.S. Southern Command are currently investigating the links that allowed the trafficker to evade the surveillance of the U.S. bases established in our country.

PRESIDENT DELVALLE DEPARTS FOR ISRAEL, ITALY

PA180420 Panama City LA REPUBLICA in Spanish 15 May 87 p 2

[Text] Yesterday at noon, President Eric Arturo Delvalle departed on an official state mission to Israel, the Vatican, and the Military Order of Malta [name as published]. He was seen off with military honors by the Panamanian Defense Forces [FDP].

The military ceremony, held at the Panamanian Air Force terminal, was presided over by Colonel Marcos Justines, deputy chief of the FDP General Staff. The vice president [Roderick Esquivel] was present at the military ceremony, and First Lady Mariela Diaz de Delvalle went to Omar Torrijos Airport, where they boarded a commercial flight to New York City. [sentence as published]

The Panamanian president will arrive in Israel next Sunday, where he will be received with honors by Israeli authorities. He will be in Israel for approximately 4 days, during which time he will have a very tight schedule of visits and official ceremonies. President Delvalle and his retinue will then travel to Rome, where they will visit Pope John Paul II in the Vatican. The itinerary also includes a visit to the Military Order of Malta. Foreign Minister Jorge Abadia Arias and his wife, and commerce and Industries Minister Jose Bernardo Cardenas and his wife will accompany President Delvalle during his official tour.

PRESIDENT DELVALLE VISITS ISRAEL, MEETS LEADERS

For Panamanian and Israeli media reports on the visit to Israel by President Ric Arturo delvalle, including a MATUTINO account of his 17 May speech at a dinner hosted by Israeli President Hayim Herzog, see the Israel section of the 19 May Middle East & Africa DAILY REPORT and subsequent issues.

PANAMA POSTPONES PARLIAMENTARIANS' MEETING

PA071414 San Jose Radio Reloj in Spanish 1200 GMT 7 May 87

[Text] Panama City -- Panama has postponed the meeting of Contadora, Support Group, and Central American parliamentarians until July, to await the results of the Presidential summit in Esquipulas. Ovidio Diaz, president of Panama's Legislative Assembly, announced yesterday that after the Central American presidents meet in Guatemala it will be easier to decide what action should be taken.

The presidential summit in Esquipulas on 25 and 26 June and the parliamentarians' meeting in Panama will be devoted to the analysis of current peace proposals for Central America.

COSTA RICA

BORDER RESIDENTS REPORT CONTRA ACTIVITIES

PA080155 Paris AFP in Spanish 1034 GMT 7 May 87

[Text] Ciudad Quesada, Costa Rica, 7 May (AFP) -- Residents of the area have reported to local police officials the presence of some 50 armed Nicaraguan contras in the northeastern area of the border between Costa Rica and Nicaragua, within Costa Rican territory.

Joaquin Rodriguez, a resident of Ciudad Quesada, which is located 100 km north of San Jose, told local officials that the rebel group, stationed within national territory, has clashed "several times" with EPS troops in the past few days.

Rodriguez reported to Colonel Juan Felix Barrantes, director of the Costa Rican Civil Police, that the armed anti-Sandinists are in the towns of San Francisco and Remolinito de Sarapiqui, Heredia Province, close to the San Juan River, which serves as the border, some 300 km to the northeast of the Costa Rican capital.

Rodriguez told AFP that the contras, members of a group that up to a year ago was led by former anti-Sandinist military leader Eden Pastora, are responsible for various assaults and violent acts in this border area. Col Barrantes stated that a patrol will be sent to investigate these reports. Joaquin Rodriguez also reported that EPS soldiers entered a farm in Costa Rica and "stole a boat."

Last week, Costa Rican President Oscar Arias ordered an investigation of the alleged presence of armed contras in Costa Rican territory and said: "If this is true, it is being done behind the government's back, as the government is true to its policy of neutrality in international armed conflicts." Public Security Minister Hernan Garron stated that reports of this nature have not been verified by police patrols assigned to the border area.

The recent reports that contras are using Costa Rican territory as a base for their military activities corroborate statements made by General Richard Secord, retired, to the U.S. congressional committees that are investigating the secret sale of weapons to Iran and the subsequent transfer of funds to the anti-Sandinists at a time when there was a legislative ban on aid to the rebels. Secord stated that former Costa Rican President Luis Alberto Monge (1982-86) secretly helped the contras, who have the financial, military, and political support of the U.S. Government. It was reported that former President Monge will probably issue a communique regarding Secord's statements today.

Information obtained by AFP in the border area indicates that the "southern front" of the anti-Sandinist rebels will launch an offensive in the next few days to "reconquer" the San Juan River, a strategic route for the supply of military equipment and ammunition, food, medicine, and troops.

ARIAS, POLICE DIRECTOR ON PRESENCE OF ARMED MEN

FA092114 San Jose LA NACION in Spanish 1 May 87 p 10a

[Text] Costa Rican President Oscar Arias Sanchez yesterday said he will order the reported presence of 600 armed men in the country's north investigated.

The president said this when a local reporter asked him whether he knew about the presence of a military group in Boca Tapada de San Carlos.

The president said: "This is the first time I have heard such a report. We will not tolerate such a thing. I will ask Public Security Minister Herman Garron about this matter."

He said the "government would never approve the presence of this group in national territory." He also said that if these people show disrespect for Costa Rica's neutrality they should be evicted from the country for abusing the government's determination to remain neutral in every armed conflict.

In addition, Civil Police Director Colonel Juan Felix Barrantes said his organization is currently executing an operation in the northern zone, where mines reportedly were planted about 2 years ago.

Three mines were discovered in this sector during a recent visit by Minister Garron. The mines, which were intact, could have exploded with the contact of a shoe.

He said these weapons are wicked because they kill anyone, even innocent children.

Col Barrantes denied the presence of 200 armed men near Boca Tapada de San Carlos and argued that so many people could not conceal themselves easily.

BLOCKADE CONTINUES AT PANAMANIAN BORDER

PA062255 San Jose Radio Reloj in Spanish 1200 GMT 6 May 87

[Text] The situation has become difficult for the Costa Rican and Panamanian Governments. The [Costa Rican] Government has met with many problems concerning the blockage against transportation of merchandise through Paso Canoas. The demonstrators, who demand duty-free allowances [cortesias], have set up positions in the neutral zone, which is marked at the borderline. It is reported that the zone in which the blockage has been set up must be respected according to international treaties.

The situation at the southern border has become somewhat difficult for the Costa Rican and Panamanian Governments because no bilateral agreement has been reached concerning the duty-free allowances. Meanwhile, the businessmen at the border zone insist the blockade will be lifted when an agreement is reached. Reports from the area reveal there is a lot of merchandise that has not reached its destination, on both the Costa Rican and the Panamanian sides.

EL SALVADOR

DUARTE DISCUSSES AMNESTY, DEBATE PROPOSAL

PA181645 San Salvador Television Educativa in Spanish 1200 GMT 15 May 87

[Passages in quotation marks recorded]

[Text] The Salvadoran president announced the government will allow 100 injured FMLN members to leave the country, as a humanitatian act, at the request of the Catholic Church. The president also reported that the amnesty will benefit some 300 to 400 political detainees and some 600 to 700 common criminals.

[Duarte] "I have been presented with an amnesty law which I will insist [as heard] on 1 June. Changes to penal and procedural laws have been presented -- I am going to insist on 1 June on this -- this is part of the humaniration program -- the steps toward humanization which I want to keep moving on. This is a humanitarian proposal so these people will rejoin the democratic process. I figure some 300 to 400 detainees -- but not terrorists -- and some 600 to 700 common criminals can have their charges dismissed. This will not cover terrorists, killers, kidnappers, drug traffickers, or death squad members. Amnesty will not cover them because these people will have to be tried as society requires. This is the program that I told the people about when I took office. I said we were going to move ahead in each of those fields."

Duarte also said the FMLN-FDR is losing the political battle. This is why they are adopting a harder and more violent line, for example when they speak of the need to defeat the government to obtain peace.

[Duarte] "This is a strategy which is much harder and violent than even during the first few guerrilla years. They have returned to this. Why? They have returned because they are losing the political battle and have not been successful in delivering the message to the people, so they have become radical. The guerrillas have gone so far they have lost a sense of proportion. They no longer want to talk about peace; in fact they do not want to even talk about dialogue. They do not want to speak about anything. All they want to do is speak about death, blood, and war. They are killing people. They have reached a stage of planting mines in farming ground to kill peasants. They no longer care who they kill. "All we are looking for is peace. That is our goal. Peace must be based on everyone understanding that we shall never be able to find understanding within society with violence and hatred."

When referring to the national debate proposed by the church, President Duarte said it is good for the different groups to express their specific and overall concerns. For this, Duarte explained, he will go ahead with plans that will get the military high command to meet with private enterprise representatives.

[Duarte] "We are going to hold a forum on the economic and social situation. We are going to invite people to explain what the real situation is. We have agreed with the business sector that we are going to hold a sort of seminar where we shall meet for 2 or 3 days to discuss all these topics which are of national interest." Duarte added that at present he is holding meetings with the country's labor force to study labor and agricultural laws to strengthen the democratic process. Duarte reiterated that one of the basic points to be covered in his speech on the occasion of his 3d year in office will be the search for peace, which requires the participation of all the country's sectors.

[Duarte] "We shall not be able to attain peace unless we all understand that peace cannot be attained unless we have peace within. This, then, takes us to the problem of war and workers, which the extreme right has demonstrated during these last few years with the use of death squads. Violent attitudes which have been brought about... [changes thought] only a few days ago we had a clash in a business where a group of workers took some hostages and another group of armed businessmen joined in and caused an armed conflict. That is the society we have. Thus, it is not enough for one group to say it is willing to search for peace. All groups have to look for peace."

The president also reported that a 27-member Italian Government delegation is in the country. They will remain for 8 months to administer the $100 million in aid which Italy granted. The Italian cooperation is made up of $60 million in donations and $40 million in loans, which will be used in health, rehabilitation of shanty towns, and other programs.

Finally, Duarte said the Government does not have enough economic resources to fulfill the budget requested by El Salvador University due to the critical situation the country is going through.

FMLN-FDR ISSUES BULLETIN ON ARIAS PLAN

PA181239 (Clandestine) Radio Venceremos in Spanish to El Salvador 2300 GMT 15 May 87

[Bulletin from the Press Office of the FMLN issued in Mexico City on 11 May]

[Text] The FDR and FMLN have stated their position on the Arias plan to several governments. The essence of that position is:

1. To reiterate that a resolution of the armed conflict in El Salvador would be a decisive factor for a just and lasting peace in Central America.

2. The characterization the Arias Plan makes of the situation in El Salvador does not reflect our true situation and therefore this plan cannot be a good starting point in the search for a resolution of the conflict. In El Salvador there is no democracy, the government massively violates human rights, there is no dialogue, and there is no social justice. Most of the internal forces in the country agree in pointing out that the Duarte regime has sunk the country into the most profound economic, political, and social crisis of its history.

3. The proposal of a dialogue with unarmed opposition groups does not apply in the Salvadoran case because it would bring the resolution of the conflict down to a demand that the FMLN put down its arms and it would exclude the FDR which could never turn itself into an unarmed group because it has never been armed. If the category of unarmed group were to exclude the FDR, the proposal still would not be valid because it calls for the exclusion of the FMLN. In El Salvador, a dialogue without prior conditions between the FMLN-FDR and the government is legitimate and it has been demonstrated that there can be no resolution of the conflict without the FMLN-FDR. Therefore, a proposal that calls for a dialogue between the parties in conflict in El Salvador is regressive.

4. A cessation of the political and military influence of the U.S. Government in the internal affairs of El Salvador represents an essential condition to make viable any peace initiative in our country. Therefore, this problem cannot be ignored as an appendix of the process, as the Arias Plan proposes.

5. We reiterate our acknowledgment of the efforts by the Contadora and Suport Groups and of other initiatives for peace in Central America that seek a resolution of the internal conflict in El Salvador and that disregard efforts to find false similarities with problems of other countries in the hope of resolving the Salvadoran problem through agreements among the Central American states only.

6. To acknowledge the effort of Costa Rican President Arias to strengthen his government's neutrality policy, thus contributing to a negotiated resolution of the Central American crisis and, especially, promoting political solutions to the internal conflict of the countries of the region.

Mexico, 11 May 1987
Press Office of the FMLN

COPREFA SAYS FSLN SUPPORTS 'TERRORIST GROUPS'

PA181530 San Salvador LA PRENSA GRAFICA in Spanish 16 May 87 pp 4, 56

[Text] Command and supply centers of Central American terrorist groups have continued to operate in Nicaragua.

Coprefa reported this, and according to the information, the nine FSLN commanders have been supporting subversive movements in El Salvador, Honduras, and Guatemala since the commanders seized power in Nicaragua in 1979.

Coprefa said the attitude of the Nicaraguan leaders continues to be the same. They could care less about the mourning their irresponsibility is causing to other countries of the area by allowing Cuban, Bulgarian, Soviet, Czechoslovak, East German, and other advisers to train Honduran, Salvadoran, and Guatemalan subversives in Nicaragua.

Coprefa added that it has been proven that Managua is the supply center for terrorist groups, and orders to carry out criminal attacks, kidnappings, and acts of sabotage are issued from that city. The leaders of the various movements, who hide behind different names but who in the end are just carrying out orders, have their offices in Managua.

They move around, eat, and sleep in that city without any problems or danger of being hit by a bullet in clashes they provoke from their safe haven.

Coprefa noted that, in the meantime, the youths of El Salvador, Honduras, and Guatemala are bleeding themselves to death in their respective countries.

The leaders of the subversive movements are happily living in Managua, talking about how they tricked people into fighting for them and planning a way to deceive the European, Arab, Mexican, and U.S. people to give them economic aid.

After seriously considering the dangerous role Nicaragua is playing and commenting on its Marxist-Leninist government, Coprefa stressed that the Sandinists' attitude has already become a grave danger for Central America.

FSLN Linked to FMLN

PA180414 San Salvador El MUNDO in Spanish 14 May 87 p 2

[Excerpt] La Union, 14 May -- The Armed Forces have discovered and occupied an FMLN house containing a "cache" in this city. They seized Soviet-made AK-47 rifles, RPG-2 rocket launchers, machineguns and other Chinese and Egyptian-made war materiel. Military sources said Commander "Jacinto Martinez," who left behind documents linking the FSLN of Nicaragua in the supply of arms to the Salvadoran guerrillas, managed to escape during the operation.

The action was revealed yesterday in the wake of reports from several people who arrived in this city fleeing from the Sandinist regime that Nicaraguan state radio stations and television channels initiated a campaign of accusations against soldiers from the eastern area of our country, claiming they are supporting the contras by supplying them with "Piranha" launches to travel to Nicaraguan territory, and by providing logistical aid.

The same sources said international news reports are being dispatched from Managua to promote a campaign to discredit El Salvador by describing it as interventionist in the internal affairs of neighboring countries. The sources added that those news reports "say nothing about Sandinist meddling in Salvadoran problems, much less on how they are helping the FMLN guerrillas" [passage omitted]

AIR FORCE CADET HELD FOR FUENTES AYALA KILLING

PA190425 San Salvador Canal Doce Television in Spanish 0200 GMT 19 May 87

[Text] An Air Force cadet was captured by officials of the National Police Investigations Department and charged with the murder of the second in command of the Artillery Brigade, Colonel Jose Guillermo Fuentes Ayala. According to the reports, the cadet is being held at the central headquarters of the National Police, pending investigation.

Col Fuentes Ayala was killed in the early morning hours of Saturday 16 May at a restaurant in this capital. According to unofficial sources, the military officer had tried to prevent a disturbance that was about to be caused by several drunken cadets. One of the cadets shot him eight times and he died while being operated on at the military hospital.

The source added that Col Fuentes Ayala's killer will soon be transferred to the common courts, but did not specify how much time the investigation would take. Militarymen do not come under the 72 hour period of investigation that common prisoners fall under. It was also revealed that a military investigation will be conducted for the trial.

GUATEMALA

CEREZO COMMENTS ON HIGHLIGHTS OF U.S. TRIP

PA181342 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 16 May 87

[Text] President Cerezo returned yesterday afternoon, as scheduled before his departure to the United States. According to the first reports Cerezo would leave for Washington on 12 May, meet with President Reagan on 13 May, carry out some activities on 14 May, and return to Guatemala on 15 May. All this was carried out according to schedule, so no one was surprised when he returned yesterday afternoon. There was no official reason to extend his trip until next Monday, as was recently reported.

Cerezo said upon his return that he is satisfied with his trip to Washington. He said this was a political, not an economic, visit. Consequently, he did not request anything; he only explained Guatemala's position. Nevertheless, he added that some benefits were obtained for Guatemala as a result of this trip. He said one of the benefits will be loans to finance potable water projects and an additional $3 million in military aid. The funds will not be used to purchase lethal weapons, only to purchase spare parts for military equipment.

Cerezo said: Perhaps one of the most important things about the trip was that President Reagan agreed with the Guatemalan Government's policy of active neutrality. Cerezo believes this is one of the most objective points discussed during his visit to Washington. In addition, $300 million in aid was attained for democratic countries in Central America. This, of course, does not include Nicaragua because the aid will be given to countries which have essentially democratic governments, such as Guatemala, El Salvador, Honduras, and Costa Rica.

President Cerezo also referred to the case of Guatemalans who live in the United States without the proper documents. Cerezo said he had carried out some contacts so the Simpson-Rodino Law is postponed at least 2 years and allows the Guatemalans enough time to legalize their situation in that country. He admitted he did not receive an affirmative reply, but was told that the situation would be analyzed.

EDITORIAL ON CONTRASTING VIEWS OF CEREZO, REAGAN

PA180120 Guatemala City EL GRAFICO in Spanish 15 May 87 p 9

[Editorial: "Our Active Neutrality Is Safe"]

[Text] Based on the initial reports from Washington, the meeting between President Vinicio Cerezo Arevalo and U.S. President Ronald Reagan was held in a climate of "tense" cordiality, given that the two government leaders have different viewpoints concerning the policy toward Central America. While President Reagan favors all kinds of pressures on Nicaragua and the Sandinist regime to encourage the democratization of that country (pressures that include the use of force and the economic and political isolation of the Managua regime), President Cerezo believes in a negotiated solution, based on a dialogue between all the countries in the area. In that sense, President Cerezo has proposed the creation of a permanent Central American parliament where all the problems of the area will be discussed.

The Guatemalan president has gone even further by saying he believes it is feasible for a democracy to coexist with a procommunist regime on the isthmus. Political analysts perceive in President Cerezo's stance a desire to maintain a policy of nonintervention in Nicaraguan affairs so the Sandinists, and particularly Cuba, will not support the Marxist guerrillas that are currently in the Guatemalan mountains. It has been learned that during the last meeting of the Group of 77 in Havana, Cuba, President Cerezo sent a message along those lines to Cuban dictator Fidel Castro. The note was carried by Economy Minister Elizardo Sosa, who delivered it to Fidel in private. None of the other Guatemalan delegates, including [former foreign minister] Fernando Andrade and Deputy Foreign Minister Jose Luis Chea were present.

The controversy based on the differing positions maintained by the Guatemalan and U.S. Governments occurred a few days prior to the meeting of Central American presidents in Esquipulas, during which a proposal to achieve peace in the area made by Costa Rican President Oscar Arias will be discussed and analyzed. Although we do not want to be pessimistic, we believe Reagan's speech before Cerezo, in which the latter was "invited" to join Honduras and El Salvador in pressuring the Sandinists, already portends a failure of the Esquipulas summit. Obviously, the two U.S. allies will defend the U.S. position, which will be flatly rejected by Managua. Our viewpoint is corroborated by the fact that only yesterday, the Nicaraguan Government announced it will present a "counterproposal" to the Arias plan in Esquipulas, and it will present new points, which do not include any dialogue with the contras as requested by the United States, nor a plan for disarmament. Meanwhile, the U.S. Congress is debating the delivery of F-5 Soviet MiG-21 for each plane its neighbors receive. For the time being, Guatemala's neutrality is safe; however, peace in the area is still far away.

CEREZO ON ANTI-NICARAGUA TRAINING IN COUNTRY

PA182005 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 18 May 87

[Excerpt] Washington -- Guatemalan President Vinicio Cerezo was questioned about reports which say the Nicaraguan opposition uses Guatemala as one of their support points to promote the overthrow of the Sandinists. Cerezo warned that those types of activities will not be allowed in Guatemala. Cerezo said a private university that gives political training to anti-Sandinist followers will be closed down if it continues doing so. After his return to Guatemala, the president said it involves the San Francisco Marroquin University, and he repeated his warnings:

[Begin Cerezo recording] A newspaper reported that the San Francisco Marroquin University was starting a political training program. At the time, the foreign relations minister -- I confirmed his statements -- said the same as what we said in the United States: As long as there is political training, without the use of weapons outside the law in Guatemala, to attack another country [as heard], we will not interfere with the freedom of education the universities have -- whatever the ideology might be. However, if these universities give military training, or training of any other nature, to attack another neutral country, we would have to apply the law, which could go as far as closing down an institution until the law is complied with. [end recording] [passage omitted]

HONDURAS

AZCONA ON ESQUIPULAS SUMMIT, U.S. 'PRESSURE'

PA181954 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 15 May 87

["Exclusive" phone interview with President Jose Azcona in Tegucigalpa by Jacobo Zabludovsky, director of "24 Hours" Newscast on Mexico City XEW Television Network, in Mexico City; date not given -- recorded]

[Text] [Zabludovsky] Mr President, approximately 6 months ago I had the honor of meeting with you in Tegucigalpa. We talked about the situation in Central America. I think that recently the situation has become worse instead of growing calmer. That is my impression. How do you view that situation, Mr President?

[Azcona] Here in Honduras we have a very peaceful situation. It seems that in neighboring Nicaragua there are clashes between the counterrevolutionaries and the EPS. However, that is an internal problem in Nicaragua. In Honduras things are very quiet. Obviously there are social problems and negative effects, but generally speaking we have a very peaceful situation.

[Zabludovsky] Then what are the reasons for those large maneuvers you are carrying out near the border with Nicaragua, Mr President?

[Azcona] No, they are not taking place near the border with Nicaragua. Trujillo and Puerto Castilla, where several amphibian operations have been carried out, are located over 300 km from Nicaragua. Those areas are not near the border with Nicaragua -- far from that.

[Zabludovsky] Mr President, you announced that you are not going to attend the New Orleans meeting. Could you tell my why?

[Azcona] I think if the Esquipulas meeting is already prepared -- the five Central American presidents are going to meet there -- a meeting of some presidents at Tulane University, New Orleans, would not have any positive results. I think that on the contrary, it could have self-defeating results. We by no means want to endanger a possible resolution through the signing of a document in Esquipulas.

[Zabludovsky] What do you expect of the Esquipulas meeting, Mr President?

[Azcona] Well, we should not lose hope. We will go with an open mind and an open heart to seek a solution that can be signed by all the presidents based on the plan proposed by Costa Rican President Oscar Arias.

[Zabludovsky] Mr President, in its Sunday edition, THE MIAMI HERALD published a report saying Washington has exerted pressure on some Latin American governments, including Honduras in regard to the Central American issue and the crisis with Nicaragua. Have you been pressured?

[Azcona] Not at all. I want to tell you that we have not been pressured in any way by the U.S. Government. Of course, we understand -- as we think the world should understand -- this area is a large area of influence of the United States. For example, Honduras has traditionally had favorable trade relations with the United States. The United States helps us in all programs, etc., but Mr Reagan's government has not exerted direct pressure upon Honduras.

[Zabludovsky] Mr President, do you think the Arias plan can be a solution to the Central American problem?

[Azcona] Well, in Costa Rica we signed a document on 15 March. In that document we stated that we considered the document presented by President Arias as a viable document to be discussed at the Esquipulas summit.

[Zabludovsky] Mr President, before concluding this interview, what is your prediction for Central America, for the situation of peace and agitation in Central America?

[Azcona] I think the consolidation of a totalitarian regime in Nicaragua is going to be very difficult. Sooner or later the ones currently in power in Nicaragua will have to realize the only solution that will benefit not only Nicaragua, but the rest of the Central American countries as well, is a political solution. It will not be possible to have a totalitaian, quiet regime in Central America, because it undoubtedly affects U.S. interests. Nicaragua is in its security zone, and sooner or later it will have to realize that situation and resolve it.

[Zabludovsky] Thank you, Mr President.

ENVOY ASSESSES 'THREAT' FROM NICARAGUAN GOVERNMENT

PA130437 Panama City ACAN in Spanish 1815 GMT 12 May 87

[Text] Tegucigalpa, 12 May (ACAN-EFE) -- Honduran Ambassador to Nicaragua Colonel Efraim Lizandro Gonzalez today warned that his country must get ready to face an aggression from international communism.

The threat, according to the Honduran military man, is the Nicaraguan Government, not the Nicaraguan people. The Honduran ambassador said that the government and the Nicaraguan people are two different things and that the signs, appearances, and actions of the Sandinist commanders seem oriented toward Marxism-Leninsism, "not of the Spanish or Swedish type, but Soviet." [sentence as received]

Gonzalez said that the joint Honduran-U.S. military exercises do not represent a threat or warning to the Managua government and that his country will not seek war with Nicaragua. He noted: Nicaragua maintains fraternal ties with Cuba, Libya, and other socialist countries, and this increasingly links the Central American nation to those countries.

Gonzalez declared: Honduras depends on its special security relations with the United States and on further improving its Armed Forces to counteract the arms buildup of the Sandinist regime.

For the Honduran Armed Forces it is more important to reach a high level of professionalism and to have good-quality weapons than to have a large army. In 1982, the Honduran Armed Forces began a professionalization process in the framework of gigantic combined military maneuvers and exercises with the U.S. Army.

Honduras has approximately 20,000 troops, including infantry, artillery, Navy, and Air Force units. Its defense rests to a large degree on its Air Force, the largest in the region, which has Super Mystere jets, A-37 and C-101 planes, Tucano training airplanes that can be armed with guns, and Hercules C-130 planes, as well as UH-1H and Bell-45 helicopters and other combat means of transportation.

Usually there is in Honduras a force of no less than 1,200 U.S. soldiers at the local military base of Palmerola, in the country's central region. They are relieved every 3 or 4 months.

F-5E BOMBERS TO ARRIVE BEFORE END OF 1987

PA060033 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 5 May 87

[Excerpt] The F-5E planes will arrive this year for the Honduran Air Force. With these planes, Honduras will maintain its superiority in the skies. Sources close to the negotiations have confirmed that the controversial planes will be in Honduras before the end of the current year. The Honduran Armed Forces have been trying to purchase these F-5E planes for the last 4 years, but strong political opposition in the United States had boycotted the agreement.

The planes will be delivered to Honduras as part of the military assistance agreement between our nation and the United States. It is said in the United States that if Honduras had the F-5E's, Nicaragua would immediately request and receive MiG-21's.

The Honduran Government will receive four U.S.-made F-5E fighter bombers before the end of 1987, according to sources close to the negotiating group. According to the same sources, the first two planes will be sent in October to Honduras from a base in the southern United States, while the other two planes will arrive the last week of November or the first week of December. The sources added that Honduras and the United States are negotiating the purchase of 12 planes, and the remaining 8 planes will arrive in the country in 1988.

The F-5E planes that the Honduran Air Force had been trying to purchase for the last 4 years will replace the Israeli-made Super Mystere. The Super Mysteres will be used for training purposes in the National Aviation Academy at Palmerola. Radio America has learned that the F-5E's will cost approximately $80 million, which will be paid through the military assistance agreement signed by Honduras and the United States. [passage omitted]

NICARAGUA

GOVERNMENT SIGNS COOPERATION AGREEMENT WITH USSR

PA181704 Managua Radio Sandino in Spanish 1200 GMT 18 May 87

[Text] The Nicaraguan-Soviet Committee for Economic, Trade and Technical and Scientific Cooperation, which celebrated its first anniversary in Managua from 11 to 17 May, will work on the agricultural sector. The Soviet delegation was headed by Gennadiy Romanenko, deputy chairman of the State Agro-industrial Committee.

During the bilateral meeting, the delegates analyzed the development of relations, technical-scientific cooperation in the agricultural sector, and the compliance of the measures to carry out the multilateral cooperation programs in which the USSR is participating. They also studied the possibility of creating mixed agricultural enterprises in Nicaragua. The next meeting of the permament working committee for agricultural cooperation between the USSR and Nicaragua will be held next year in Moscow.

The USSR and Nicaragua have signed an agreement for agricultural and industrial cooperation. The protocol was signed at the end of the visit by Gennadiy Romanenko, deputy chairman of the State Agro-industrial Committee. Nicaragua will receive from the USSR technical assistance, mechanization, and direct support for developing projects for bananas and other crops. The USSR will also open its market to Nicarguan agricultural products. Romanenko said the USSR will continue supporting Nicaragua in those areas in which it needs more support and will direct cooperation more efficiently.

[Begin Romanenko in Russian with translation in Spanish recording, in progress] ...need to provide cooperation not only in the technical, scientific, and economic fields, it should be in general. The protocol reflects the plans for our mutual work directed particularly at the agricultural sector. This [words indistinct] of our two countries seeks to [words indistinct] different problems. Some problems could be resolved more efficiently in the USSR, and other problems could be resolved here in Nicaragua in the most efficient way, taking into account the economic and natural and ecological conditions. We will provide mutual aid and assistance. This protocol also contains provisions for the study of economic problems, which we will resolve together, so trade is established between our two countries based on mutual benefits for the two nations.

I would like to take this opportunity to thank all of you for your hospitality, warm welcome, and commissions that you (?appointed) to carry out the [words indistinct]. We also want to thank you for all your help and cooperation in carrying out work in the various fields and for the Nicaraguan cooperation in resolving the food shortage problem, which is a problem affecting our two countries. The signing of the protocol of the first session of the permanent working commission will allow us to do more complete work. I believe the protocol currently reflects a minimum number of the many tasks we plan to resolve in the near future. [end recording]

Importance of Agreement Noted

PA181922 Managua Radio Sandino in Spanish 1200 GMT 18 May 87

[Text] Commander of the Revolution Jaime Wheelock Roman, agricultural development and agrarian reform minister, has assessed the unbiased USSR aid to our country. Wheelock said that following the signing on Saturday of the protocol between the two countries, USSR cooperation will help Nicaragua get out of poverty. The agreement encompasses the supply of agricultural machinery in the most important areas and doubling the number of banana plantations. It also opens the USSR markets for bananas. The protocol includes the rehabilitation of 25,000 hectares of coffee, the USSR participation in the Chintepe and [words indistinct] dairy projects, and in the irrigation project for 30,000 hectares of basic grains in the 4th region. Commander Wheelock noted the importance of this protocol.

[Begin recording] [Wheelock] First of all, we are signing a protocol that will guarantee the supply of agricultural equipment and transportation for the country's agricultural products for the next 3 years, until 1990. This protocol also increases the USSR cooperation level to such an extent that in the next few years we will be able to work with our agricultural machinery with greater ease. This gives greater stability to the plans to struggle against the [words indistinct] of hunger and extreme poverty that our people have endured, thanks to the fraternal and unbiased USSR cooperation. [passage indistinct]

Second, we are signing an agreement for technical-scientific cooperation to strengthen the research centers, which have also been facing difficult times due to the aggression and lack of exchange our country is suffering.

Third, there are various agreements of a multilateral nature in the [words indistinct] field, in which the USSR is actively participating. In this protocol, the USSR has confirmed and expressed its desire to participate in the [words indistinct] dairy project, which is the biggest one in the country -- it is three or four times bigger than the Chintepe dairy project. The USSR will provide all the equipment, which is the most expensive part of the project.

The USSR is also going to participate in the irrigation project for 30,000 hectares in [words indistinct]. There is also the possibility that once the studies have been concluded, the USSR, which is more interested now, will more actively participate in these projects.

We also discussed two points of bilateral cooperation with the USSR. The first one, which we consider important, is the increase of the banana project to twice its current level. [Words indistinct] almost immediately. This will increase banana exports in Nicaragua and the level of exchange in the country. Another project is to rehabilitate 25,000 hectares of coffee plantation, which will allow Nicaragua to increase its (?production) in these sectors.

There are other important aspects in the field of cooperation [words indistinct] which represent a great step forward in the quality of the USSR cooperation [words indistinct].

[Question indistinct]

[Wheelock] Yes, the USSR would buy Nicaraguan bananas. [end recording]

AMBASSADOR TO U.S. ON IMPACT OF 'IRANGATE'

PA152204 Managua Radio Sandino in Spanish 1200 GMT 14 May 87

[Text] Carlos Tunnerman, Nicaraguan ambassador to the United States, said that the Iran-contra scandal is the biggest unpopularity problem the Reagan administration has suffered. Tunnerman feels that Irangate is more complex than Watergate because it violates international and U.S. laws.

The Nicaraguan diplomat said the disclosures made at the public hearings have made a big impact on the U.S. people and press, which in recent polls has reported that 55 percent of Americans believe Reagan has not told the entire truth regarding the Iran-contra issue. U.S. policy has been discredited, and Reagan's last chance for a place in his country's history is to accept the Soviet missile reduction proposal, Tunnerman said.

The illegal sale of arms to Iran, and the diversion of funds to Nicaraguan contras are seriously hindering relations between the executive branch and the U.S. Congress, and has undermined the credibility of the discredited U.S. policy.

[Begin Tunnerman recording] This scandal, which is undoubtedly the most serious problem President Reagan has been confronted with during his administration, has two aspects: the political aspect, which involves the investigations the U.S. Congress is carrying out through two commissions: the Senate commission and the House of Representatives commission, which are working together. It is a political aspect because it is aimed at investigating to what extent the U.S. President coordinated the country's foreign policy with Congress. It is aimed at finding out to what extent he concealed from Congress some of the government's foreign policy decisions, or to what extent the admfinistration violated Congressional orders.

The other aspect is the legal aspect, which is a sort of prosecution [preceding word in English] as they say, which is an investigation of the legal implications of the discoveries made regarding the arms deal with Iran, and the deviation of funds to the counterrevolution.

The impact on public opinion has been incredible. The television networks devote a great deal of time to the hearings, and newspapers devote entire sections to the proceedings because they are interested in finding out to what extent the president was informed, and how long he knew. The questions that have been asked are: Did the president know? When did he know? The polls show that 55 percent of Americans believe the President has not told all the truth; the majority feel this way. This puts the U.S. President's credibility on the spot.

Meanwhile, the administration's relations with Congress are subject to a situation in which Congress may conclude that the president did not comply with the law, for example the Boland ammendment that prohibits any U.S. agency from giving military or any other type of aid to the counterrevolutionaries. If this was not respected, it means the will of Congress, which represents the will of the United States, was not respected. [end recording]

COSTA RICAN MISSION ARRIVES TO DISCUSS ARIAS PLAN

PA161645 San Jose Radio Reloj in Spanish 1200 GMT 14 May 87

[Text] Managua -- A Costa Rican diplomatic mission headed by Rodrigo Carrera, Costa Rican director of foreign policy, arrived here yesterday. The Costa Rican mission will discuss various aspects of President Oscar Arias' peace proposal with Nicaraguan officials. Among the subjects to be discussed are the internal interests of each country and ways to implement the verification process. Rodrigo Carrera told the press last night that Arias' plan is simpler and easier to understand than the Contadora document of objectives.

DEFENSE MINISTER REFUTES CONTRA CHARGES

PA161240 Paris AFP in Spanish 0726 GMT 15 May 87

[Text] The Guatemalan Government has reacted with astonishment and caution concerning the Nicaraguan counterrevolution's accusations that Nicaragua sends weapons to the Guatemalan guerrilla groups through Belize.

Defense Minister General Hector Gramajo said Guatemalan troops have detected no unusual activities in the border region with Belize, but added that the extent of the land makes its security difficult. Gramajo stated: "I cannot assert that the traffic exists, but I cannot assert the contrary either." The official deplored the fact that the anti-Sandinists seek the press to make this kind of accusation, "when they could use more direct channels to allert the Guatemalan intelligence."

Likewise, Acting Foreign Minister Julio Martini said the Foreign Ministry has taken note of the charges presented by contra leader Terencio Garcia. However, they need specific evidence to take any measures. He added: "Consequently, we cannot issue any statement because the charges alone are not enough."

CHAMORRO ON FREEDOM OF PRESS, DEMOCRACY, SUPPORT

PA182225 Panama City Circuito RPC Television in Spanish 1730 GMT 18 May 87

[Text] Pedro Joaquin Chamorro, director of the Nicaraguan newspaper LA PRENSA, has denounced the open repression and nonexistent freedom in Nicaragua at the same time he requested international support to overthrow the Sandinist government. Regarding the necessary funds to face the struggle in Nicaragua, Chamorro said:

[Begin recording] [Chamorro] I think the possible future granting of funds from the U.S. Government basically depends on three aspects: first, military success. All the reports made by U.S. newsmen who have been recently covering the clashes in Nicaragua are optimistic. They state that the rebels are better prepared and trained now. The rebels are truly challenging the Sandinist Army. We truly believe that with the introduction of new armament like Redeaye surface-to-air missiles, which are going to practically disable Sandinist aviation, the war will favor us. That is one aspect.

The second aspect includes political success. We think the formation of this unity will encourage the Nicaraguan people who were plunged into despair and will also help us obtain more funds in the future. I think from this assembly we are going to elect a strong directorate, one that will be able to speak for the Nicaraguan people and obtain more funds not only from the U.S. Congress, but from other Latin American and world countries.

Third, the political actions of the FSLN. As we know, in the past the FSLN has not shown any signs of wanting to offer an opening toward democracy. We still have to see what happens in Esquipulas. We also have to wait and see whether the FSLN takes a step forward toward democracy in Nicaragua If the FSLN opens up and suddenly becomes a democratic government and decides to give the Nicaraguan people an opportunity to elect its government, I think we will have to morally reject the funds coming for the war, because the war is not an imposition, [corrects himself] it is not something we willingly chose, it is something imposed on us by the Nicaraguan situation. If the FSLN gives up its aggressive policy against the Nicaraguan people and allows freedom of the press -- as it exists in many other Latin American countries -- a true freedom of press, free elections, amnesty, the release of all political prisoners who are rotting in the Nicaraguan jails, we will not even request support from other peoples, because we will try to attain peace among Nicaraguan brothers.

[Reporter] Chamorro, you were a journalist during Somoza's time and during the Sandinists leader's time. As former director of the newspaper LA PRENSA, how do you view the freedom of the press situation in Nicaragua and the situation of LA PRENSA itself?

[Chamorro] Well, the newspaper LA PRENSA has been suffocated. It suffers from a lack of freedom and economic resources. The Sandinists only wanted freedom of the press to attain power. Once they attained power they knew they could not remain in power indefinitely if there was freedom of press in the country, because freedom of press is what makes the people aware of the situation at all levels; it is what makes the people participate in the government; it is the guardian of democracy and the Sandinists cannot have a keeper of democracy, because they want to establish a totalitarian regime. [end recording]

SOVIET OFFICIAL ARRIVES FOR RADIO-TV MEETING

FL181318 Havana Tele-Rebelde Network in Spanish 1100 GMT 18 May 87

[Text] Leonid Kravchenko, deputy chairman of the Soviet State Committee for Television and Radio Broadcasting, arrived last night in Cuba. The Soviet official was welcomed at Jose Marti International Airport by Ismael Gonzelez, member of the Communist Party of Cuba Central Committee and president of the Cuban Radio and Television Institute. Kravchenko will take part in the general assembly of the International Organization of Radio and Television, OIRT, to be held at Havana's Palace of Conventions from 19 to 22 May.

FRELIMO'S DOS SANTOS MEETS WITH CASTRO, DEPARTS

FL181248 Havana Tele-Rebelde Network in Spanish 1100 GMT 18 May 87

[Text] Commander in Chief Fidel Castro Ruz, first secretary of the Communist Party of Cuba [PCC] and president of the Councils of State and Ministers, has received Marcelino dos Santos, member of the Frelimo [Mozambique Liberation Front] Political Bureau and president of the Mozambique People's Assembly. They discussed the develcpment of bilateral relations and exchanged views on events in southern Africa. The talks were held in the fraternal and friendly atmosphere characterizing relations between Cuba and the People's Republic of Mozambique. Dos Santos returned home after 7 days in Cuba as the guest of the PCC Central Committee.

RODRIGUEZ MEETS WITH GHANAIAN OFFICIAL

FL150249 Havana Radio Reloj Network in Spanish 0211 GMT 15 May 87

[Text] Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, has received Justice D.F. Annan, member of Ghana's Provisional National Defense Council, and his delegation. They discussed the most pressing topics in international affairs, especially the situation in southern Africa and Central America.

Rodriguez briefed Annan and his delegation on the main tasks in Cuba's economic and social development. Referring to Cuban-Ghanaian relations, Rodriguez and the high-ranking Ghanaian official confirmed the positive development of these relations and their common determination to broaden and strengthen cooperation.

RISQUET ATTENDS COMMUNIST PARTY OF GREECE CONGRESS

FL152253 Havana Radio Periodico del Aire in Spanish 2130 GMT 15 May 87

[Text] Jorge Risquet Valdes, member of the Communist Party of Cuba [PCC] Politburo, underscored today in the Greek capital the tenacious and unyielding struggle waged by Greek communists. The Cuban official is heading a PCC delegation attending the 12th Communist Party of Greece [KKE] Congress, which began on 12 May and will close tomorrow [16 May].

Over 2,000 delegates applauded the fraternal and solidarity message conveyed to the congress by Risquet, who is also secretary of the PCC Central Committee, on behalf of the Cuban people and Commander in Chief Fidel Castro, PCC first secretary. After noting the U.S. blockade imoposed on Cuba for the last 25 years, Risquet talked about the Cuban and Greek repudiation of the presence of U.S. military bases. He said the 39 km the United States occupies at Guantanamo Naval Base is a thorn in the side of the fatherland. Comparing the two parties' views on this matter, Risquet said they need to demand together, with one voice, that U.S. military bases be removed from Cuba and Greece.

Presents Model of Granma

FL161823 Havana Radio Reloj Network in Spanish 1211 GMT 16 May 87

[Text] With much joy, the Greek communists received a scale-model of the Granma boat from Jorge Risquet, member of the Communist Party of Cuba Politburo, during the 12th KKE Congress which will conclude today. Upon presenting the Granma model, Risquet said that under Fidel's skillful hand the boat arrived at its destination, and today the Cuban people propose to construct socialism and communism under his leadership.

Referring to the U.S. blockade imposed upon Cuba, Risquet spoke about the repudiation felt in our country, as well as in Greece, of the presence of U.S. military bases. Recalling the views shared by the two parties on this matter, Risquet said they need to demand with one voice that the U.S. military bases be removed from Cuba and Greece.

SALVADORAN REBELS NOTE ARMY CASUALTIES

PA150320 Havana International Service in Spanish 2300 GMT 13 May 87

[Text] The insurgent station Radio Venceremos has reported that the Salvadoran guerrillas have inflicted 57 casualties on the Salvadoran Army during the past 20 days in Morazan Department. The station also said that on Wednesday the insurgents' artillery attacked the command post in Suchitoto, 50 km from San Salvador. There was no reports of casualties in this action. Radio Venceremos also reported the downing of a U.S.-UH-1H helicopter belonging to the government.

SALVADORANS OCCUPY SUPREME COURT, DEMAND AMNESTY

PA181334 Havana International Service in Spanish 1800 GMT 16 May 87

[Text] Hundreds of relatives of Salvadoran political prisoners on Friday occupied the Supreme Court building in San Salvador for 3 hours to demand a general amnesty for the prisoners of conscience. The activity was sponsored by the Federation of Committees of Mothers and Relatives of Political Prisoners, Missing, and Murdered People and the Salvadoran Human Rights Commission.

Jose Napoleon Duarte, chief of the Salvadoran regime, reiterated Friday that a possible amnesty will not include those accused of what he termed terrorist actions. He added that only about 200 prisoners will be released. A spokesman of the Salvadoran Federation of Committee of Mothers criticized Durate's statement, saying it shows a biased position on the problem of Salvadoran political prisoners.

SOLIDARITY WITH IMPRISONED PUERTO RICANS ADVOCATED

PA181450 Havana International Service in Spanish 2300 GMT 16 May 87

["Our America" commentary read by Manolo Ortega]

[Excerpts] Through the armed violence of its invader Marines, the United States at the end of the 19th century imposed its colonialist domination on Puerto Rico when the island was on the verge of becoming independent. Since then, there have been countless examples of how this imperialist country has unleashed bloody periods of repression to crush any attempts by the Puerto Rican people to break their colonialist chains. [passage omitted]

Persecution, imprisonment, torture, and assassination have been suffered by the fighters for Puerto Rican independence on both the island and in the territory of the colonial power in this century. The U.S. Central Intelligence Agency and the Federal Bureau of Investigation, along with the Puerto Rican National Guard, which falls under the U.S. Armed Forces, use many repressive methods against the independence fighters. They range from telephone intercepts, harassment, infiltrations of patriotic organizations, and including the nationalists on blacklists to imprisionment and political assassination. At this time, dozens of Puerto Rican patriots are serving long sentences in the United States. Some are even serving life sentences while another large group of political prisoners and prisoners of war is being tried in scandalously biased trials.

International solidarity is once again demanded by the Puerto Rican independence fighters to save those patriots taken to the U.S. courts or merely fighting for the free self-determination of the Puerto Rican people. In its September 1986 summit in Harare and the March 1987 ministerial meeting in Guyana, the Nonaligned Movement expressed its concern about the jailing of those independence fighters in the United States, and it urged Washington to respect the civil rights of all Puerto Rican patriots.

COSTA RICA'S ARIAS IN UK SEEKING SUPPORT FOR PLAN

PA181747 Havana International Service in Spanish 1600 GMT 18 May 87

[Text] Costa Rican President Oscar Arias started an official visit to the UK today with the intention of seeking British Government approval for his Central American peace plan alternative. Local political observers doubt his visit will be successful because, although in theory Prime Minister Margaret Thatcher backs peaceful negotiations, in practice she agrees with the U.S. warmongering intentions toward the region.

U.S.-HONDURAN MANEUVERS THREATEN NICARAGUA

PA151801 Havana International Service in Spanish 2300 GMT 13 May 87

["Analysis" commentary read by Amalia Sanmartino]

[Text] With a spectacular assault on the deserted Honduran beach of Puerto Castilla, over 7,000 U.S. and Honduran soldiers will begin today, Wednesday, the second and last phase of the "Solid Shield-87" joint maneuvers that began on 25 April and are expected to end Friday.

Fifty thousand U.S. soldiers from the Airborne Forces, the Navy, the Air Force Tactical Command, the Strategic Air Command, and the Coast Guard, among others, have participated in these exercises, which are regarded as the largest and most dangerous held in Central America. From 1982 to date, the United States has carried out 51 military maneuvers in the area, and even though Honduran Army officers have asserted that the exercises are no threat at all to Nicaragua, the truth is that the proximity of the training exercises to Nicaraguan territory has given rise to suspicion. Several Nicaraguan leaders, particularly President Daniel Ortega, have charged that the objective of the maneuvers is an eventual direct aggression against his country -- this, in fact, has been virtually admitted by senior U.S. officers.

Aside from the exercises, a threat looms over Nicaragua anyway. This is caused big intensification of the arms buildup in neighboring countries such as Honduras, which besides harboring the largest number of counterrevolutionary bands is becoming increasingly willing to serve as a permanent base of aggression.

In this regard, the latest news reports say the U.S. Government must inform Congress of its intention to sell 10 F-5E planes worth $75 million to Honduras. Without question, the Nicaraguan authorities are correct when they assert that the threatening nature of the "Solid Shield" maneuvers is a flagrant violation of international law. One can add to this that the growing arms buildup and aggression by its neighbors are also violations.

CEREZO VISIT TO U.S. BETRAYS 'ACTIVE NEUTRALITY'

PA170230 Havana International Service in Spanish 2300 GMT 15 May 87

["Our America" commentary by Norberto Hernandez]

[Text] There has been talk that, given a quick succession of national problems, Guatemalan President Vinicio Cerezo pays more attenton to his foreign policy than to his domestic problems, even though Cerezo's contacts abroad are closely related -- and not always in positive terms -- to the country's events.

The Guatemalan president is currently touring the United States with several critical problems on his agenda. He is trying to renegotiate his country's foreign debt, solve the illegal aliens problem, and, of course, get more military aid. This is precisely where Guatemala's highly praised policy of active neutrality has failed, even though the president himself has publicized it at large. This false neutrality was unmasked earlier this month when at Cerezo's request three U.S. Air Force Chinook helicopters and their respective crew members carried out a dozen counterinsurgency operations. This is the first time this type of operation has been carried out in Guatemala. The mission was to use these helicopters, which were transferred from Palmerola Air Force Base in Honduras, to transport 300 Guatemalan soldiers to the regional garrison of Playa Grande, located in Quiche Department, an area of intense guerrilla activity barely 200 km from the capital.

Colone Marvin Drummond, a U.S. Pentagon spokesman, said the helicopter flights were ordered in reply to a request from the Guatemalan president, who needed help because of his problems with the guerrilla groups. We must bear in mind that these U.S. military transports stationed in Honduras support the Nicaraguan counterrevolution. The fact these helicopters were used by the Guatemalan Government implies that this country may become involved in the regional conflict at any moment.

Several news media and political sectors in Latin America find it very difficult to believe a country may require foreign aid, particularly from a superpower, to carry 300 soldiers a mere 200 km. However, the worst thing was that the operation involved the mobilization of aircraft stationed at the U.S. headquarters for aggressive operations in Central America, namely Palmerola Air Force Base. It is appropriate to ask: What abut President Cerezo's active neutrality? The reply would be much more difficult if you bear in mind that the Pentagon's spokesman said this is the first time such aid has been given to Guatemala. In other words, such aid has not been given to Guatemala's military regimes in the past.

It is really strange that the Guatemalan president said during the meeting with his U.S. counterpart that he advocates a diplomatic solution to the regional crisis, because he has already requested more military aid and proved he needs such aid. It is evident the Guatemalan Government's much-publicized active neutrality is simply a cover-up that has crumbled to show the dangers that loom ahead in the nation and abroad.

SUGARCANE INDUSTRY HIGH IN JOB RELATED ACCIDENTS

FL151744 Havana Radio Reloj Network in Spanish 1414 GMT 15 May 87

[Text] The sugarcane sector in Ciego de Avila Province has reported 17 deaths and thousands of injuries during the current sugarcane harvest. This places the province near the top in the number of job-related accidents. In an attempt to improve this situation, the Ministry of the Sugar Industry and the National Sugar Industry Workers Union have adopted a 30-point plan to be implemented during the next sugarcane harvest.

SUGAR EXPERTS PARTICIPATE IN GEPLACEA SEMINAR

FL162019 Havana Radio Reloj Network in Spanish 1215 GMT 16 May 87

[Text] Low sugar prices force our countries to face the challenge to diversifying the use of sugarcane and modifying that industry. This was underscored by a Cuban paper presented at a sugar seminar held in the Dominican Republic. Raul Suarez and Maria Elena Cordovez, experts from Cuba's Sugar Industry Ministry, described the Cuban experiences during the meeting sponsored by the Dominican Government and the Group of Latin American and Caribbean Sugar Exporting Countries, GEPLACEA.

The Cuban speakers said the world economic crisis makes it essential that sugarcane be used not only to produce sugar but also as a source of energy, food, and raw material for other industries. The main objective of the seminar was to exchange experiences since traditionally sugar has been the third largest source of foreign exchange for Latin America and the Caribbean.

7 SENTENCED TO JAIL FOR CIENFUEGOS OIL SPILL

FL181347 Havana Tele-Rebelde Network in Spanish 1100 GMT 18 May 87

[Text] The provincial people's court in Cienfuegos has sentenced seven defendants charged with failing to fulfill their duty to protect the property of state economic units. This led to an oil spill in the Cienfuegos Bay, polluting its waters, in June 1986. Juan Alberto Gutierrez Espana and Miguel Pedroso Rabassa Alcazar were sentenced to 2 years in prison, while Humberto Matos Garcia, Emiliano Ray Gonzalez, Lucila Graciela Richard were sentenced to 1 year.

The court decided to commute the jail term to a 1-year probation for Lucila Graciela Ortiz Bermudez and Jose Loreto Arias Richard, which means that they will lose their right to promotions and wage increases, among other things. All the defendants were declared civilly responsible, and consequently they will have to jointly compensate the entities affected to the amount of 465,624 pesos.

GAS OVEN CAUSED EXPLOSION AT CASING FACTORY

FL152059 Havana Radio Reloj Network in Spanish 1817 GMT 15 May 87

[Text] The preliminary police investigation into Tuesday's accident at the Lenin Aluminum Casing Factory, Boyeros Municipality, has ended after an in-depth study of all the material available. The explosion was the result of a mistake during the repair of a gas casing over. The explosion left 8 workers dead and 10 others injured. The factory workers, with the help of workers from Boyeros Muncipality, are curently working hard to repair the damage caused by the explosion. Steelworking Industry Minister Marcos Lage told this radio station that the aluminum casing factory will be operational in the next few hours.

GUATEMALAN REBEL OFFICIAL ON U.S. PRESENCE

PA151821 Havana International Service in Spanish 2300 GMT 13 May 87

[Interview with Victoria Solares, member of the "URNG representation" in Cuba, by Ramon Chon -- live or recorded]

[Text] [Chon] It has recently been learned that the Guatemalan Army is becoming more and more involved in the expansion of the Central American conflict through the activities of U.S. troops in that country. We asked Victoria Solares, member of the URNG representation in Cuba, to comment on this.

[Solares] First, it must be noted that the U.S. Army recently flew Guatemalan troops to the country's northern region. A total of 13 CH-47 Chinook helicopters stationed at the Palmerola Base in Honduras took part in this airborne operation. As noted by Pentagon spokesman (Marvin Bramon), this was a coordinated action by the Guatemalan Army and the U.S. Army authorized by the Pentagon. We feel that the most dangerous aspect of the involvement of U.S. troops in counterinsurgency operations in Guatemala is the possible regionalization of the military conflict in Central America. This seriously jeopardizes the nation's sovereignty and makes Guatemala one of the Central American countries that permit a U.S. military involvement in direct actions inside the country.

[Chon] The participation of the Guatemalan Army in the training of counterrevolutionary groups is also viewed as part of this, Victoria.

[Rosales] Yes. In other words, this airborne operation falls outside the framework of airborne operations per se, and forms part of an overall plan of U.S. assistance and meddling in Central America, against the Central American peoples. Recently, counterrevolutionary Victor Roberto Campos Alvarado publicly stated that members of the counterrevolutionary bands who attack economic targets inside Nicaragua are trained in Guatemala. This training is carried out on a Guatemalan Army base in El Peten Department in northern Guatemala. The base is called (La Polvora).

[Chon] A large labor movement seeking wage increases is noticeable in the domestic field. What is the meaning of this movement within the current situation in Guatemala?

[Solares] Yes, there is at present a labor conflict that began with the state workers, who are demanding wage increases and better working conditions. However, the conflict has grown and has become a national problem. This indeed reflects the profound economic and social crisis affecting the working class in the country. In other words, the conflict not only concerns a demand for wage increases, but also a demand for a stop to the high cost of living, to inflation, and for the creation of better working and living conditions for the majority of the people. That is why mid-level students and various professional, social, and economic sectors in the country have joined the movement. In addition, the labor action -- a strike in which more than 250,000 workers are participating -- coincides with other large and important movements in agricultural areas, where the main claim is the right to land.

GRENADA

CHARGES AGAINST ILLEGAL RADIO STATION DISMISSED

FL152355 Bridgetown CANA in English 2223 GMT 15 May 87

[Text] St Georges, Grenada, May 15, CANA -- A Grenada magistrate has dismissed charges against two journalists accused of illegally operating a commerical radio station. The prosecution had charged that Stanley Charles and Paul Roberts had in June 1985 an FM Radio Labaye without a licence.

Magistrate Anthony Roberts dismissed the case after hearing government wireless officer Leroy Baptiste insist that he licensed the station to operate in a letter dated May 6, 1985. The prosecution had said Baptiste had given a contrary opinion in a statement to then commissioner of police, Russell Toppin.

I signed the statement, he said, and I do not say that the commissioner conned me into signing it, but what is recorded in the statement is Mr Toppin's view and not mine. I do not know what to say about my two conflicting statements but I still say now that I did issue a licence for the operation of Radio Labaye.

The case began on April 22 last year but was subsequently postponed several times until yesterday. Roberts refused an application by the defendants' lawyer for an order for release of electronic equipment seized by the police. This equipment was related to a charge of evading customs duties.

Charles said after the trial he would sue government for EC26 million dollars (one EC dollar -- 37 cents U.S.).

HAITI

COMMISSION APPOINTED TO OVERSEE ELECTIONS

FL161348 Bonaire Trans World Radio in English 1130 GMT 16 May 87

[Text] In Haiti, a nine-member electoral commission, which will oversee Haiti's first free election in three decades, has been appointed by the National Governing Council. Voters in November will choose a president and members of Parliament. The Parliament will then select a prime minister who will have power equal to the president.

NEW PARTY FORMED; DUVALIER STAMPS PHASED OUT

FL181408 Bonaire Trans World Radio in English 1130 GMT 18 May 87

[Text] The Alliance for the Renewal of Haiti [ARH] has announced its formation, bringing to 15 the number of political parties that have formed in the wake of the demise of the 29-year Duvalier dictatorship.

The ARH is headed by (Clemard Joseph Charles), an industrialist and former ally of the Duvaliers who later turned against Francois Duvalier, was imprisoned, then exiled and stripped of his citizenship by a decree of the late dictator.

Haiti is continuing to purge itself of the bitter memories of the Duvalier dictatorship, eliminating all postage stamps with pictures of the father and son who ruled the country for 29 years. Replacing all those stamps that bore the picture of Francois and Jean-Claude Duvalier will cost the nation about $3 million, something they can really ill-afford. The government, according to the state-owned newspaper, HAITI LIBERE, will move next to have new currency printed to replace the 5-gourde notes bearing the pictures of the two dictators.

ST LUCIA

1986 ECONOMY DETAILED, ASSESSMENT GIVEN

FL121805 Bridgetown CANA in English 1723 GMT 11 May 87

[Text] Bridgetown, Barbados, May 11, CANA -- The economy of St Lucia grew by 6 per cent in 1986, compared with 5.8 per cent in 1985, despite damage to crops from tropical storm Danielle in September and heavy rains in November, the Caribbean Development Bank [CDB] said in its 1986 annual report.

Noting that the estimates informing its assessment were preliminary, the bank says exports of bananas increased by 36.7 per cent from 80,634 long tons in 1985 to 110,234 long tons in 1986. The island's model farms were consolidated and yields continued to expand rapidly, rising from an average of 5 tons to 15 tons per acre, with some farms producing as much as 20 tons per acre.

Prices were generally good, in terms of both sterling and the East Caribbean dollar, and receipts by the St. Lucia Banana Growers Association increased by 22 per cent, on average, in 1986. In addition, some success was made in finding non-traditional markets to take up excess fruit during winter when demand and prices tend to fall.

Several shipments were made to Italy during November and December but prices were much lower than in the UK market, the CDB said. During the first ten months of 1986, arrivals of stopover visitors jumped by 17.2 per cent to 90,885, compared with the same period of 1985. The increase of 58.5 per cent in arrivals from US during the reference period marked a shift away from the European market.

Capacity expanded by over 100 rooms, while the average occupancy rate moved up by two percentage points to 73.7 per cent and the average length of stay remained unchanged at 8.9 days.

The increase in arrivals of cruise ship passengers during the first ten months of 1986 was negligible at 4 per cent, although the number of cruise ships calling at St. Lucian ports increased by 19.8 per cent, the CDB said.

Tourist expenditure is estimated to have fallen during 1986 because of reductions in hotel rates that could not be compensated for by the increase in the number of visitors. Developments within the monetary sector reflected the positive trends within the real sectors. For the first three quarters of the year, bank credit increased by 10.8 per cent to 112.7 million dollars, and deposits stood at 145 million dollars, compared with 117.3 million dollars for the same period in 1985.

Deposits -- particularly time deposits -- shot up despite a fall of two percentage points in interest rates. Retail prices increased by 3.2 per cent during January to June 1986, compared with the annual rate of 1 per cent of 1985.

Indications are for a deterioration in the trade balance, although the growth in exports has been relatively more substantial than that of imports. Banana exports accounted for most of the increase, but the expansion was not sufficient to offset the decline in exports of manufactured goods which continue to suffer from trading restrictions in the Caricom market.

In addition, St. Lucia has not yet begun to benefit from falling oil prices, because of the special contractual arrangements under which fuel is supplied. Public finances were more robust in 1986 than in previous years, as the authorities made vigorous efforts to contain recurrent expenditure, while expanding the revenue base and streamlining collection methods.

At the end of the second fiscal quarter, central government recurrent expenditure stood at EC26 million dollars, while revenue was 29 million dollars. Compared to a deficit of 0.6 million dollars in the 1985 period, a surplus of 3 million dollars was realised in 1986. This surplus was achieved despite settlement of all arrears on external debt and part-payment of overdue domestic obligations. However, the heavy November rains caused serious damage to agriculture and physical infrastructure and led to increases in current and capital expenditure. The authorities are therefore seeking substantial amounts of funding on highly concessionary terms to relieve the budget.

Government subventions to many of the public sector bodies continued throughout the year but were restricted to about two-thirds of the amount in the previous fiscal year. The majority of the larger public enterprises are now fairly liquid and four of them had a consolidated surplus of approximately 4.8 million dollars for the first half of 1986.

The St. Lucian economy should continue to experience growth in 1987, the report said and tourist expenditure should benefit from the completion of the Point Seraphine shopping complex. With respect to the external sector, success in obtaining alternative and new markets for exports will be vital, the CDB said. Public finances are being managed more rigorously and this should lead to increased savings.

However, the authorities need to strengthen recent efforts to keep the debt situation in check and more serious monitoring of central government expenditure should be considered.

ST VINCENT AND THE GRENADINES

CDB REPORTS DECLINE IN AGRICULTURAL PRODUCTION

FL121827 Bridgetown CANA in English 1807 GMT 11 May 87

[Text] Bridgetown, Barbados, May (11), CANA -- The Caribbean Development Bank (CDB) says damage to St Vincent and the Grenadines in September by Tropical Storm Danielle, estimated at 4.5 million dollars (U.S.), reduced the total 1986 banana output to 1985 levels and temporarily dampened growth in food crop production.

The 1986 annual report of the bank states that the country's exports of bananas declined by 6.1 per cent to 37,641 long tons in 1986. In spite of the setback, banana production benefited from greater use of fertilizers and pesticides, adoption of 100 per cent field packing, and the increase in price from 394 dollars/ton to 480 dollars/ton. This increase in price was associated with the strengthening of the pound sterling against the U.S. dollar and improvements in the quality of the product. Overall, production of food crops such as eddoes and dasheen, plantains and sweet potatoes, increased to take advantage of the Trinidad and Tobago market.

In contrast, production of arrowroot fell by 27.4 per cent to 0.7 million pounds (lbs) during the 1985/1986 season, from 1 million lbs in 1984/85. Efforts to diversify and deepen agriculture, including pilot projects in winter vegetables and cut-flowers, and land reform centered on the Orange Hill Project, should be continued with particular focus on improvements in arrangements for marketing produce. In recent years, manufacturing has experienced setbacks in the agro-based industries such as arrowroot and flour, with offsetting trends in animal feed and enclave-type production of garments, sporting goods, electronic components, metal products, and watches.

This trend continued in 1986, with flour production declining by 19.5 per cent from 48.8 million lbs in January-November 1985 to 39.3 million lbs during the same period of 1986, as a result of the loss of regional markets to a more competitive regional producer which benefited from subsidies through the application of a two-tiered exchange rate regime.

In an effort to realise the employment generating capacity of manufacturing, government is reviewing concessions provided in the Fiscal Incentives Act. However, greater utilisation of existing capacity within the enclave subsector will also require better arrangements for transporting finished goods to international markets, while efforts to attract new firms should be reinforced by the timely provision of factory space and the institutional strengthening of the development corporation.

In addition with the annual growth rate of the index of retail prices at 1 per cent, it is government's intention to contain wage increases in line with domestic inflation, except when warranted by increased productivity.

A comparison of data for 1986 with that for 1985 shows that arrivals of stopover visitors fell slightly to 42,094 from 42,099. Within this category, arrivals from the Caribbean, principally Trinidad and Tobago, dropped by 7.3 per cent from 18,106 to 16,783 following the devaluation of the TT dollar in late 1985.

In contrast, visitors from Europe increased by 20.7 per cent from 4,996 to 6,031 in response to the strengthening of major European currencies against the U.S. dollar and increased promotional efforts by the Department of Tourism. Arrivals of cruise ship passengers and yachtsmen increased by 9.2 per cent from 37,669 to 41,130. At the same time, the number of day trippers arriving by air, mainly from Martinique, increased from 10,597 to 13,755.

During fiscal year 1985/86, public sector finance continued to improve. The balance on current account of central government amounted to 4.1 million dollars or 10 per cent of recurrent revenue compared with 1.9 million dollars or 5.7 per cent of recurrent revenue in 1984/85.

The factors responsible for this improvement date from 1984/85 and include ongoing efforts on the part of the administration to control recurrent expenditure, streamline public sector bodies, increase efficiency in tax collection and reduce arrears. Efforts in this direction should continue. Preliminary indications are that the external public debt rose from about 29.3 million dollars at the end of 1985 to approximately 38 million dollars in line with implementation of the Cumberland Hydroelectric Project.

Since the greater portion of the debt has a maturity of more than 16 years, and other concessional terms, the debt service ratio remains relatively low at 4.3 per cent.

The medium-term economic prospects are good, notwithstanding the damage caused by the storm. The annual growth rate could rise to between 3.5-5 per cent as additional investment is undertaken to repair damage. Any tendency towards increased consumption which might result from the public sector salary awards could be counter-balanced by the increase in savings associated with the implementation of the new national insurance scheme.

DYNAMITE DESTROYS TRANSFORMERS IN MAROWIJNE

FL141826 Paramaribo International Service in English 1730 GMT 14 May 87

[Text] On Tuesday night [12 May] there was a dynamite explosion at the transformer station at (Wanaradio) in the Marowijne District. The station, which had two transformers, was totally destroyed as a result of which the people in the area are now without electricity.

At the end of last year, the power station of the Suriname Energy Company in Marowijne was put out of commission because of damages by the Jungle Commando of Brunswijk. However, because of the cooperation between the energy company and Suralco, energy supplies could be resumed to (Wanaradio) through the transmission lines from Moengo. Mainly Suralco workers live at (Wanaradio).

Probably, because of the war situation in the east of Suriname and the precarious foreign exchange situation, it is not likely that transformers could be bought on the short term.

GOVERNMENT SEEKS TO PREVENT LIBERATION COUNCIL

FL151841 Paramaribo International Service in English 1730 GMT 15 May 87

[Text] The Suriname Government has urged the French Guianese authorities to block members of the so-called Liberation Council from entering French Guiana.

The Surinamese authorities have learned that Henk Chin-A-Sen and other members of the Holland-based council were due to arrive in French Guiana via Paris yesterday to meet with the (?Brunswijk Gang) [words indistinct]

In a letter to the French Embassy in Paramaribo, the Surinamese Government says it has information that during this meeting, decisions will be taken to identify activities of the gang. Within the framework of good neighborly relations between the two countries, the government of Suriname has requested the French authorities take measures to prevent this meeting from being held in French territory.

In the meantime, French Embassy official (Lebanay) declined to comment on the letter of the Surinamese Government. He, however, told our newsroom that the embassy is in contact with the Surinamese authorities on the matter.

HEAVY ATTACKS REPORTED IN MOENGO, ALBINA

FL151816 Paramaribo International Service in English 1730 GMT 15 May 87

[Text] The military situation in East Suriname is very tense at the moment. During the last 2 days, the so-called Jungle commando of Brunswijk has launched heavy attacks on the [word indistinct] of Moengo and the border-town of Albina. The heaviest fighting took place in Albina where the gang used homemade mortars.

The National Army succeeded in countering the attack and seized five of the mortars. As a result of the fighting, fires broke out in several parts of Albina, which has been abandoned since the end of last year by the residents because of the war situation.

Military authorities have linked the increased activities of the Jungle Commando with the promises of their leader Ronnie Brunswijk to the so-called Liberation Council. The Suriname News Agency reported yesterday that the Jungle Commando and the Liberation Council want to take over both Moengo and Albina by next Wednesday [20 May].

C-47 LABOR UNION MEMBERS TO TRAIN IN CSSR

FL071909 Paramaribo International Service in English 1730 GMT 7 May 87

[Text] Five members of the C-47 Labor Union Federation left Suriname on Tuesday [5 May] for Czechoslovakia for a training course. The course, which is organized by the Czechoslovak labor movement is specially meant for the English-speaking Caribbean in which Suriname is included. The course will run for 5 weeks and will pay special attention to economic affairs and the role of the trade union in affairs of the state.

C-47 ISSUES WARNING ON BLACK MARKET PRODUCTS

FL141813 Paramaribo International Service in English 1730 GMT 14 May 87

[Text] The C-47 Trade Union Federation in its bulletin has sharply criticized so-called hustlers, who operate on the Black Market. Articles, which are not found in the shops, are being sold at high prices sometimes five times above the normal price.

The C-47 bulletin mentions another element in this illegal Black Market trade saying that products are being mixed with foreign matters in order to obtain greater amounts. Cases have been reported where these people mix cooking oil with urine, sugar with sand, baby food with flour, and peanut butter with feces. The trade union has warned the people to guard against these things.

VII.	WESTERN EUROPE DAILY REPORT	Contents unchanged
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